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THE IMPACT OF THE PROPOSED EPA BUDGET ON STATE AND LOCAL ENVIRONMENTAL PROGRAMS

HEARINGS

BEFORE THE

SUBCOMMITTEE ON TOXIC SUBSTANCES AND
ENVIRONMENTAL OVERSIGHT

OF THE

COMMITTEE ON
ENVIRONMENT AND PUBLIC WORKS
UNITED STATES SENATE

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THE IMPACT OF THE PROPOSED EPA BUDGET ON STATE AND LOCAL ENVIRONMENTAL PROGRAMS

WEDNESDAY, FEBRUARY 16, 1983

U.S. Senate,
Committee on Environment and Public Works,
Subcommittee on Toxic Substances and
Environmental Oversight,
Washington, D.C.

The subcommittee met at 9 a.m., in room SD-406, Dirksen Senate Office Building, Hon. David Durenberger (chairman of the subcommittee) presiding.

Present: Senators Durenberger, Randolph, Baucus, and Humphrey.

OPENING STATEMENT OF HON. DAVE DURENBERGER, U.S. SENATOR FROM THE STATE OF MINNESOTA

Senator Durenberger. The hearing will come to order.

This morning we are convening the first hearing of the Toxic Substances and Environmental Oversight Subcommittee in the 98th Congress.

The subject of the hearing this morning will be the State grant programs administered by the Environmental Protection Agency. These programs have been slated for a 26 percent reduction in the 1984 budget message submitted by the President. We have many expert witnesses with us this morning and I look forward to hearing their testimony.

Before turning to the witnesses, I would ask your indulgence, as I exercise the prerogative of the Chair, to speak on a somewhat different subject which is sort of a synopsis of my perspective of the subcommittee's agenda for the next few months and over the course of this Congress.

The subcommittee itself is only 2 years old. It was created in 1981 at the beginning of the 97th Congress. I myself am new to the committee and thus new to this Chair. The very distinguished Senator from Montana who serves as the ranking member has been here since the foundation and I plan to rely on his expertise. We are respectively Chair and ranking member of the Health Subcommittee of the Senate Finance Committee, so I know that ours can and will be a productive relationship.

The legislative jurisdiction of this subcommittee is not broad. It includes the Toxic Substance Control Act, the Safe Drinking Water Act, the National Environmental Policy Act, the research and development programs of the Environmental Protection Agency and the activities of the Council on Environmental Quality. Beyond those specific legislative responsibilities, however, the subtitle—environmental oversight—implies a broader mandate to serve the full committee by exploring new areas of national concern.

So what will we make of this oversight responsibility? I don't think it will mean investigation. I don't intend to become a prosecutor using the subcommittee as an investigatory tool to track law-breakers nor is our function intended to provide grist for the front pages of the Washington Post.

I also Chair the Intergovernmental Relations Subcommittee in the Governmental Affairs Committee which is also principally an oversight committee and over the past 2 years we have had 37 days of hearings without ever making the front page of the Washington Post.

Despite all of that I hope to find this assignment somewhat more stimulating than that. But I want to make the point that making headlines is not the purpose of oversight activity.

Our job is to determine whether legislation reported by this committee and enacted into law by this Congress are meeting the objectives that we have set for the Nation. It is the Nation's understanding of the environmental protection changes, as we learn more about our environment, which determine whether new initiatives and new issues need to be brought before the committee.

I will just use one example from last year's hearings on amendments to the Safe Drinking Water Act in which the principal issue was the health standard. Did the basic health standard in the law need amending? That is a very big issue. But there was another and to me more serious issue at the heart of that oversight. Those hearings also included evidence that indicated significant problems in the Drinking Water Act. Problems that had nothing to do with the precise wording of the health standard.

GAO did a study and found that in 1980 there were 140,000 violations of the act. GAO found that the basic mechanism in the law to protect public health—that is, notification of consumers when a violation occurs—was ineffective because the notification often came months after the violation. The record of those hearings also made it clear that EPA has done very little to update drinking water standards since it took the program from the Public Health Service in the 1960's. Very little in the face of overwhelming evidence that toxic substances in drinking water present a significant threat to public health in this Nation.

So my point is that making our laws and regulations work or changing them is the function of the oversight responsibility. In some cases that means we will be advancing standards and enforcing deadlines. In other cases it may mean flexibility for delegation and streamlined procedures. Oversight means finding out whether ordinary human beings at all levels of government can administer the programs that we have created to make reasonable progress toward goals that we all share. "Does it work?" will be the first question we will ask.

To be more specific about our agenda, the authorizations for both the Safe Drinking Water Act and the Toxic Substances Control Act expire at the end of this fiscal year. In hearings we intend to determine how well those programs are working. I don't expect the substance of amendments will be ready by our May 15 budget deadline but there will be a substantive purpose to the hearing.

The 97th Congress passed an authorization bill for research and development programs at the Environmental Protection Agency. The bill was vetoed by the President. It is our intention to hold oversight hearings on environmental R&D at EPA and the private and nonprofit sectors beginning later this spring.

Beyond these three well-defined subjects, we also plan work on the general subjects of toxic substances and groundwater quality beginning this summer. As I said earlier, I am new to the committee, but in the few short weeks I have found one common thread and that is the struggle to control the toxic effects of the hundreds of exotic chemicals that man has introduced into the environment. I don't know if we're winning the struggle. Whether it's drinking water or air quality or water pollution, it seems exceedingly difficult to implement the control strategies that have been authorized for toxic substances.

In some ways groundwater is an orphan resource. The Safe Drinking Water Act, the Clean Water Act, and the Resource Conservation and Recovery Act are all important tools to protect groundwater quality. But none of them focuses directly on groundwater as the principal resource. I understand that several important studies on groundwater quality and availability will be coming into the public domain over the next few months. We intend to use those studies as a base for the oversight work of the subcommittee in this area.

Yesterday, Anne Gorsuch, Administrator of the Environmental Protection Agency appeared before the full committee and testified on the EPA budget for 1984. That budget includes a reduction of some $60 million or 26 percent in the State grant programs administered by EPA.

In the course of her testimony, she indicated a belief that the State grant programs should eventually be phased out entirely. In press accounts of her meetings with State officials, that view is expressed more bluntly. She has apparently stated an intention to zero out the grant programs within a 4-year period. The 26-percent reduction recommended for 1984 is consistent with that schedule. She argues that phasing out the grants is part of the administration's new federalism initiative and reflects an improvement in the Federal-State partnership.

I consider myself a minor expert on questions of federalism and I don't know of any federalism theories, new or old, that would justify a termination of the grant programs for environmental protection. The standards included in our environmental laws are Federal mandates imposed on State and local governments. They reflect the goals and objectives of the national government, not the States. Put to the test in many legislatures across the land, I don't know that they would survive in their current form.

All the federalism theories I know of say that a government which imposes a mandate on another government has a correlative responsibility to finance the mandated activities. I didn't have time to question Mrs. Gorsuch on our differing views of federalism yesterday, but I will be sending questions to EPA which along with the responses will be included in the record of this hearing.

Even if an appropriate view of federalism says that we ought to finance the activities that we mandate, that theory won't tell us how much to put into environmental grants. Setting aside the New Federalism, there may be legitimate reasons for significant reductions in the grant programs at this time. It may be that the workload supported by these grants has been greatly reduced through regulatory simplification or through the normal maturation that one can expect in these programs.

One can also argue, as Mrs. Gorsuch did yesterday, that other appropriate financing mechanisms including fees on users or interfund transfers are available to support the workload. Those are questions that the witnesses will address in today's hearing.

I have reviewed the prepared statements of the witnesses. I must say that I don't think that we will get the whole answer today. As a practical matter the Environment and Public Works Committee must make its budget recommendations next week. We are not going to know what role permitting fees can play by the time of the markup next Tuesday. Nor will we be able to put a price tag on the savings that have resulted from administrative simplification in the EPA-State partnership by next Tuesday.

So that means that for this budget markup consideration of the fiscal situation facing the States is and becomes a very important factor. As our lead witness this morning will tell us, States all across the union are in a serious fiscal bind. Extra dollars are simply not available. Over the long run, however, pointing to fiscal distress at the State level is not a convincing argument for Federal financing. We have our own fiscal distress here at the national level. Borrowing from our grandchildren, so that Governors don't have to raise taxes or make tough choices is just not a sufficient justification for Federal grant programs.

The case for Federal grants has to be made in the context of the national purpose, the national responsibility to pay for the national objectives that we have mandated. How much does it cost to do that job? I will ask the GAO and others to help us get a better answer than we have so far. My advice to my colleagues next week, however, will be that the fiscal condition of the States makes a major funding reduction at this time a very risky proposition. The goals and objectives are ours, defined over many years by this committee. At this time there is not sufficient evidence to demonstrate that those objectives can be achieved with less Federal effort.

I will bring this opening statement to a conclusion. Thank you all for getting up early just to listen to it. There are three or four matters that should be made part of the record.

One is the National Governors' Association report entitled "The State of the States: Management of Environmental Programs in the 1980s," another is the report by the GAO entitled, "Federal-State Environmental Programs—the State Perspective." An article from the Congressional Quarterly of November 27, 1982 titled "EPA, States Differ in Views of Environmental Federalism," those sections of the EPA budget document dealing with State grant programs, and whatever additional information that we can pry loose from EPA on this subject or from the commitment made by Mrs.

Gorsuch yesterday on this subject. (The material referred to begins at p. 164.)

To the witnesses, I would make a special request. Your written statements are very thorough, and I would like for you to keep your statements as close to 7 minutes as possible so that we might have an opportunity for questions.

With that, I would turn to the distinguished pioneer in these areas and the former chairman of this full committee and certainly a person who understands the evolution of the problem that we are dealing with today, the distinguished Senator from West Virginia.

OPENING STATEMENT OF HON. JENNINGS RANDOLPH, U.S. SENATOR FROM THE STATE OF WEST VIRGINIA

Senator **Randolph**. Mr. Chairman, this is the first hearing of your subcommittee and the responsibility you have as its chairman. I came to commend you for your responsibilities as you begin the active participation in this work, not only of this important subcommittee, but of the committee as a whole.

I have been very active as a member of this committee for almost a quarter of a century. And to have you, Dave, come into this important work at this time is not just comforting to those of us who have been here a long while, but it is very important to have your knowledgeable leadership and those that join with you on the subcommittee.

I came in part to also say that the Governor of West Virginia, Mr. Rockefeller, chairs the program of the Governors Association in reference to environmental matters. There are times when it is understandable that a Governor of some State would look to the Federal Government for assistance because of the problems that suddenly arise causing great impact on the economy of a State like West Virginia.

We have the highest unemployment rate of all the States. It is now a little over 17 percent. Closing of institutions that have been part and parcel of our life is frightening. But having said that I would not be one that would think that it is enough to say we don't have the money so we will go to Washington and that is where the money actually is at the present time.

I think we are in a period of extreme concern as it were and to have you, Senator Baucus, the ranking member, to attach yourself to this subject is very, important to me and to other members. That is why I came this morning, not that I would add anything to what you have said so well but only to say that I think we have to be very careful in times like these so that State governments will not be stretched so thin that they can't carry on in a way that will reflect their cooperation and desire to administer the laws passed by the Congress of the United States.

And our witnesses I am sure will contribute meaningful and constructive statements.

We have every confidence in your leadership. That goes across the membership, Republicans and Democratics alike. These are very, very crucial times. These are very perilous times. We have to be very careful that we do not become so fearful and frightened that we throw up our hands and say that here within the States we can't hold ourselves together and continue to make progress in making America more environmentally a Nation where people will live better lives and where America will continue to be a leader in those programs which we believe have contributed to the well being year after year.

I close with something that has no specific bearing but I felt that if young people were given the rightful responsibility to vote in this country that they were going to step up to the obligation. When I offered the legislation, first constitutional amendment in 1942, and then we had to wait 30 years before it came to pass, I thought this void would be filled by these young people. That has not happened. Only about 28 percent of all these young people, 18, 19, and 20-year-olds, voted in the Presidential election of 1980.

So I think across the board in this country somehow or other we have got to have the feeling and to follow through on it that we really can go down the drain if there isn't a feeling of responsibility among our people in all of these areas, so necessary to our national well being.

The vote which is given to a young person, if he or she does not use it, it is not transferrable. It ceases to exist. I think on this committee we have had the opportunity, over all of these years to develop programs in which people participate. That doesn't mean that we just enact programs and give dollars to back them up, but somehow underneath there should be the stirring within people that individually and collectively we can and must do the job.

I appreciate the opportunity to make my comments and I am very grateful for your leadership.

Senator **Durenberger**. Thank you.

I am very grateful that you took the time to be here. Just to make one quick observation on your last point, that is, that we can't expect responsibility out of the young people all the time unless they are given a greater sense of purpose. I am pleased that after several years of working with him on the Finance Committee, the work of this subcommittee will be greatly aided by a very distinguished Senator with a great sense of purpose Max Baucus from Montana. Max, do you have a statement?

OPENING STATEMENT OF HON. MAX BAUCUS, U.S. SENATOR FROM THE STATE OF MONTANA

Senator **Baucus**. Thank you, Mr. Chairman.

I think all of us have been disturbed at these proposed cuts in the State grants program, 16 percent for 1981, 26 percent for 1983. I hope the panel addresses itself to several questions. First, if the proposed cut goes into effect as proposed by the administration, to what degree are the States going to make up the difference and if so how are they going to make it up?

Second, what technical assistance will EPA be providing States again assuming the full cut is in effect and third what priorities will the States undertake with this reduced level of funding in the State grant program? I am sure all of us have other questions too, but those are the three that come to my mind. I look forward to the testimony of the witnesses.

Senator **Durenberger**. Thank you very much.

Let me indicate that the chairman of this committee, Bob Stafford, is home ill today. He would like very much to be here for this panel of witnesses since their testimony is a crucial part of the recommendations we will be making to the Budget Committee next week.

We will take our witnesses in two panels today. The first panel will include Hon. Lucille Maurer, member of the Maryland House of Delegates appearing today on behalf of the National Conference of State Legislators, and her presentation of State fiscal conditions.

The second witness on this panel I am particularly pleased to introduce, Sandar Gardebring, director of the Minnesota Pollution Control Agency, appearing on behalf of the National Governors' Association.

Also appearing for the Governors is Mr. Richard Carlson, director of the Illinois Environmental Protection Agency. So if you would all come forward, take your seats at the table, we will take all of your statements before beginning the questioning. I will just again reiterate the 7-minute rule.

STATEMENT OF DELEGATE LUCILLE MAURER, MARYLAND HOUSE OF DELEGATES

Ms. **Maurer**. Good morning, Senator Durenberger, Senator Baucus. I am Lucille Maurer, and I am pleased to be here in behalf of the National Conference of State Legislatures and the Maryland House of Delegates.

As official representative of the Nation's 7,500 State lawmakers, NCSL strives to provide State legislatures with a strong voice in the Federal decisionmaking process. Through its Committee on Natural Resources and Environment, NCSL has on numerous occasions called for a strong Federal commitment to the establishment and enforcement of minimum Federal environmental standards and for the continuance of Federal assistance to the States to carry out federally conceived environmental programs.

I would like to thank you for providing me and NCSL with yet another opportunity to express our views. As you indicated, Mr. Chairman, my specific purpose today is to provide for the subcommittee an overview of State fiscal conditions as we enter 1983.

My fellow witnesses will then speak to the ability of States to continue strong environmental programs in light of these fiscal conditions and the President's recommended fiscal 1984 budget. Together we hope to impress upon this subcommittee the need for continued Federal assistance, guidance, and oversight for environmental programs. To begin, let me emphasize that the fiscal condition of the majority of States has changed dramatically over the past few years and is, at present, extremely bleak in all regions of the country.

The results of a January 1983 survey completed by the national conference confirmed the gloomy prognosis of the survey by the National Governors' Association and the National Association of State Budget Officers compiled in December 1982. A complete copy of the survey is attached. (See p. 66.)

Last July it was recorded that the States were in the worst fiscal shape they had been in for years.

Since that time, the collective condition has worsened. Large dosages of fiscal medicine are currently being taken by the States. As the testimony submitted will explain in more detail, the current fiscal stress stems from several sources. They include, one, tax relief measures enacted in the late seventies in response to the tax revolt; two, the severity and duration of the recession; three, the reduction in Federal assistance in prior years. How do we measure this fiscal stress? The key indicator is yearend budget balance as a percentage of the total budget. Other indicators are, one, actions taken to deal with the budget problems; two, the growth in rates of spending and revenues in the States; three, the frequency of shortfalls below anticipated revenues; four, changes in the State employment levels.

While the testimony will go into each of these, the large picture is that fiscal 1982 was for the States a year to hold the line on spending, to increase efficiency, to take stopgap, one-shot measures, and to increase taxes. But then during the last half of calendar 1982, State budgets constructed on the assumption that recovery would begin, began to fall apart because of the revenue shortfalls.

An unprecedented two-thirds of the States have already reduced spending for fiscal 1983—that is our current budget year—below the levels originally enacted. The struggle over our fiscal 1984 budgets is now underway.

The order of the day will probably be tax increases and excruciatingly painful program choices, bearing in mind that we are literally dealing with survival issues for some of our vulnerable populations.

Returning now to the indicators and trying to set forth some of the evidence, a measure of prudence over the years for the States has been to have a 5-percent balance at the end of the budget year. That usually included "rainy-day" or contingency funds.

In fact, there used to be a handful of States, largely energy-producing States, that would have as much as a 10-percent balance.

Last January, there was only one State, Wyoming, that had a large budget balance. The chief fact is that 31 States now expect to conclude their current fiscal year with a balance of 1 percent or less of their annual general fund expenditures. Nineteen of the States at this stage are anticipating deficits. So they will have to make some adjustment during the course of the year.

Eight other States forecast balances between 1 and 3 percent and 5 States anticipate balances of 3 to 5 percent for a total of 44 States with balances below 5 percent.

The aggregate deficit of all States at this stage could total approximately $2 billion.

Because nearly every State is required, of course, to maintain a balanced budget, State governments then adopt some combination of spending reductions and tax increases to eliminate their prospective deficit and build up balances to meet cash flow, which is another problem, and contingency needs.

Last year, many States couldn't solve their budget problems by holding the line. There were reductions, mostly on an across-the-board basis with some exemptions, for welfare, medicaid and local governments, including schools.

In many States, however, aid to local governments has been reduced below the amount budgeted, although aid was often cut by a smaller percentage than funds for State agencies.

In a few States even income maintenance programs have been reduced or eligibility changed. From July to late November, the only response to disappointing revenue collections was to reduce spending.

In the last several weeks of 1982, however, five States went into special session and increased their sales and/or income tax, including Senator Durenberger's State.

Stopgap measures that were taken included acceleration of tax payments, postponement of payments, interfund transfers, and short-term debts, and also, of course, cutting the State work force. This is of particular significance in the area of environmental programs where the Federal Government is urging States to assume an increased amount of responsibility through delegation of environmental programs.

After rising for 35 years, State work forces have been decreasing since mid-1981 and 28 of the States surveyed have reduced the level of their State work force from 1981 to 1982.

Twenty-one States currently have a hiring freeze in effect. Some States have adopted more drastic measures to cut employee costs, some with payless "vacation" days, among other things. But all of this is to give you some sense of how the States managed for fiscal year 1982, the struggles of fiscal 1983, and the outlook is for increased taxes because there are no more less painful choices available.

Perhaps the most important cause of the State fiscal problems at the moment is, of course, the recession. We are all aware of the impact on the revenues as well as the increase in some of the caseloads upon the States as a result of the recession.

There is no question that a reduction in the real economic growth at the national level or an increase in the national unemployment rate will lead to an aggregate decrease in State revenues and increase in outlays and therefore a worsening State fiscal situation.

The States are clearly in a bind and it is quite clear that at the present time the States are not able to absorb the additional burdens of shifting the fiscal burden to the States for the environmental programs.

We appreciate having this opportunity to testify.

Senator **Durenberger**. Thank you very, very much.

Ms. Gardebring, welcome.

STATEMENT OF SANDRA GARDEBRING, DIRECTOR, MINNESOTA POLLUTION CONTROL AGENCY

Ms. **Gardebring**. Thank you for the opportunity to appear before you today on behalf of the State of Minnesota and in behalf of the Governors Association.

Following my remarks will be comments by Richard Carlson, Illinois EPA and representatives of the State Program Administrator Associations for Air Pollution, Water Pollution and Solid and Hazardous Wastes. But my principal point is to let you know that the

Governors and all the pollution control professionals represented by these organizations are united in our strong recommendation that funding for certain key EPA activities not be reduced below 1982 levels.

As you mentioned earlier, the administration has proposed an overall 25-percent reduction in Federal support for the management of the air quality, water quality, drinking water and hazardous waste programs.

Although the States have indicated a willingness to assume greater responsibilities for environmental program management, these reductions are proposed at a time of virtually unprecedented budget stringency in most States.

Most State budgets now reflect both last year's Federal budget cuts and the continuing recession. As we just heard from the representative from Maryland, these budget cuts are likely to continue and indeed perhaps to be exacerbated as we move into the next biennium. The attempts by States to increase our own support for environmental programs to make up for the reductions in Federal funds will pit these programs against the States other urgent needs such as support to the truly needy citizens of our States.

In considering the proposed reductions in Federal support it is important to bear in mind the kind of Federal-State partnership that has evolved historically in the implementation of the environmental programs. Under the terms of the partnership the Federal Government has mandated certain activities and provided support to the States for the development and implementation plans for carrying out these activities.

The Governors believe that the EPA budget proposal you have before you represents a unilateral and inappropriate action to change the terms of the Federal-State partnership. The mandates remain, the requirements remain, the paperwork requirements indeed are increasing, but the level of support necessary to meet these mandates is disappearing. Despite EPA's claim that its regulatory reform efforts will save the States money, we do not think that there has been a demonstration of that.

We will hear some more details of that from other witnesses.

In addition, it is very clear that without adequate Federal support there is the danger that many States will not accept or will return delegation of a number of key environmental programs. Indeed a recent survey by NGA which I think you have been provided by the NGA staff indicates that a significant number of States, including Minnesota, are giving serious consideration to returning or not accepting delegation of certain programs if Federal support is cut back.

This possibility runs directly counter to the administration's desire for more States to assume delegation of environmental programs and furthermore, we believe that the public dollar goes much further if invested in State implementation efforts than if EPA carries out these same activities.

At the Minnesota Pollution Control Agency, we have taken a hard look at just what the proposed cuts would mean in terms of our specific programs and I would like to provide you with a few examples.

In the area of water quality, under our best calculations, the proposed 56-percent drop in Federal support would mean that we would be forced to eliminate entirely our ambient water quality monitoring effort, which has for some 30 years provided us with data essential for developing State water quality standards or setting the term of discharge permits and for enforcing those documents. The permitting process would likely be delayed up to 40 to 50 percent, which of course would have a direct impact on the Minnesota industry and our water quality toxics program, which is really still in its beginning stages, but is extremely important to us, would be severely curtailed if not eliminated entirely.

The agency's recently implemented pretreatment program would necessarily be dropped and returned to EPA and regular compliance monitoring of minor facilities holding NPES permits would be renamed. Operating assistance to municipal waste water treatment facilities would be reduced.

In air quality we have already felt the effects of substantial budget reductions. As a result of this year's Federal budget cutbacks, we have been forced to reduce compliance inspections by 25 percent and we have fallen behind the development of certain portions of the State implementation plan and we have had to reduce our ambient air monitoring program.

Acid rain monitoring will be dropped and the same would be true for our still-developing toxic monitoring program, as was indicated in the water quality area.

We think that overall the air pollution effort would perhaps suffer more than others because we have already experienced cutbacks in air pollution.

The picture is no better in hazardous waste. It is true that under the administration's proposal the hazardous waste area does receive its smallest cuts. However, it is the program which is at its most critical stage. The initial work has been done and the major regulatory mechanisms are set up. But we are just now moving into the stage of implementing the program and beginning to be the permitting and enforcement effort. Right now we are faced with the resource-intensive task of permitting state facilities without having the resources to do it adequately. Even on the basis of existing funding, we would only be able to review these permits once every 12 years, and as for monitoring for compliance, we would only be able to do the kind of in-depth inspections that these kinds of facilities require perhaps every 10 to 15 years. We don't think that is adequate if we are trying, in the future, to avoid the kind of hazardous waste problems that have made Federal and State superfunds necessary. Hazardous waste is an area of pollution control that needs to be strengthened. We don't think existing fund levels are sufficient much less that we can tolerate even the small cuts proposed here. Throughout the pollution control agency's activities, the administration's proposals would mean that some programs would be cut back and some simply eliminated. We should obviously prioritize our activities and in response to Senator Baucus' questions, I would indicate that our focus would have to be on the hazardous waste program and on some programs where we receive no Federal money, I would say, in particular our acid rain effort, the party that is not federally funded and our solid waste programs, we have no alternative but to fund those with State efforts.

With some of the Federal programs, we consider turning them back.

The situation is by no means unique to Minnesota. The problems that I described are illustrative of what had been indicated as problems for environmental managers all across the country and you will hear more details from the other witnesses this morning.

Although most of my remarks have been in regard to State management grants, and I know that is the focus of your hearing today, I want you to understand that our concerns extend to other areas of the EPA budget as well. In particular, we hope that funding for technical assistance to States and for a strong and appropriate research and development effort will not be reduced. We have serious doubts that adequate research and development can be undertaken by the private sector and the increasing complexity of our environmental programs and the economies of scale also argue for a strong Federal R&D program in pollution control.

In summary, I simply want to reiterate that the Governors and the State pollution control officials remain committed to strengthening and improving the Federal-State partnership in the environmental protection. We believe that partnership and that level of commitment requires that each environmental program be funded at least at its fiscal year 1982 levels.

We think that the general public is in support of this point. As a recent editorial in the Minneapolis Star and Tribune said, about the proposed EPA budget cuts, opinion polls show that Americans want more, not less environmental protection. If the Congress is listening to the people and hopefully to the National Governors' Association, it will reject the administration's proposal.

Mr. Chairman, members of the committee, we appreciate your interest and the support of the programs that I know you exhibited in the past and NGA hopes that we can work with you over the next few weeks and next months to insure that these programs continue to be adequately funded.

Senator DURENBERGER. Thank you.

Mr. Carlson?

STATEMENT OF RICHARD J. CARLSON, DIRECTOR, ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

Mr. CARLSON. Thank you, Mr. Chairman.

I have submitted a written statement, which I will stand by. I will also try to adhere to the 7-minute rule.

The first point I want to make is I fully support the comments made by my two colleagues. I think it is clear that the answer to Senator Baucus' question, will the State make up the cuts, is a resounding no. USEPA has suggested several things which might help us make up the cuts.

One is a reform of the regulatory system. I have yet to see anything that would make up 60 percent of our budget by loosening the regulatory requirements that we have to meet as a State, 60 percent is what the Federal Government provides us, with the State providing the rest.

There has been a lot of talk about permit fees being another way that States can make up cuts in State program grants. But we have yet to see a permit system that is sellable in the State of Illinois that would make up 60 percent of our current budget.

So I think that the only conclusion you can come to is that any cuts at the Federal level will be actual and real direct cuts in State programs for environmental protection. Those cuts will come as I see it in two areas that are pretty important to maintaining a credible program.

You will hear more details from the witnesses that will follow us. But they will probably come in two areas where we have the most flexibility to make cuts. One would be in the compliance and enforcement area, primarily in terms of field people, as we will probably make reductions in field staff before making reductions in permitting staff.

Permits have to go out otherwise construction is held up. The law requires the permits before new construction can begin. If the people who are out inspecting facilities don't inspect facilities quite as often, that word gets around.

As a result industry doesn't take the environmental protection program as seriously as they should. That lack of credibility, it seems to me, cuts to the heart of our ability to protect the environment.

The second area where we will probably cut is in the ambient monitoring of air, water, and ground water. To the extent that we cut those activities we cut down on our ability to answer basic questions about the extent of pollution, who is generating it, and who is being harmed this reduces our ability to run intelligent programs and I think that is a very big mistake.

I think the biggest problem that I see in terms of a very severe reduction in Federal funding is the effect it is going to have on the national system of environmental protection. One of the benefits of having a national program is consistency among the States so you don't have one State government trading off environmental quality to attract a new plant from another State.

We resent it at times but the power of the purse makes us toe the line to a certain extent. When the Federal Government gives up that leverage by reducing funding levels, they lose their one major area to influence what States do and to maintain at least a minimum floor in environmental protection across the States that reduces the amount of variation you find in environmental quality from State to State.

That is all I have to say for the time being.

Thank you, very much.

Senator DURENBERGER. Thank you, very much.

Let me ask a general question of all of you.

I think you can tell from my opening statement that I feel we are sort of in a bind here, that we have to almost agree with you in principal, if not in all of the detail, because the time is so short. But at the same time, there will be others who will make the argument that I made, which is, why should we be mortaging our grandchildren at the national level because Governors and legislators are afraid to raise taxes or permit fees.

So behind that, we keep looking for what some of you have been saying to us; that is, where can you find the national purpose to fund it.

I am going to ask some other questions that deal with matching and so forth. But let me make my first question deal with the whole problem of fiscal distress.

That appears to be a relatively current phenomenon, one that hopefully will not last because if you will look back just few years ago into the seventies, when inflation was running relatively out of control and consumer consumption was about in the same condition. We could live very comfortably on State levied income taxes where we had them, or sales taxes, and because we were also living at a time when the categorical grant system here at the Federal level was providing us with a lot of opportunities to do things.

People at the State level were expanding the role of local government in everything by turning more money back to the local government, either directly or indirectly. We had the realization that States have to balance their budgets. We saw plenty of ways for States and local governments to get around that notion through tax exempt financing where we were getting into the business of passing on State and local indebtedness for a variety of things.

So one may look at the current situation and say maybe this is temporary. We were coming off a relative high at the State or local level. We find ourselves now with tax indexing in some of the States which is putting the pinch on Minnesota, Colorada for example.

We are in the middle of the recession which has substantial impacts on both income and sale taxes. We are living with a Proposition 13 mentality.

We are living with populus conservatism, elimination of the Big Deal. So for all of those reasons, I find it a little hard to just say we should use the current fiscal condition as a rationale for what we do. Yet it is in part the reality.

Having said all of that, would each of you, from your differing perspectives and differing parts of the country, make the case that we are going to have to make in a couple of weeks to the Budget Committee for using the current condition of the States, as you have argued, that we should use as a rationale for not going along with the President's recommendation?

Mr. Carlson. I think it is clearly in the national interest to continue Federal funding of State environmental programs as well as creating the basic framework around which States administer those programs.

States are in effect administrative outposts of the USEPA. That is not a role that we always feel psychologically comfortable with, but, nevertheless, we are the front line managers of the Nation's environmental programs.

It seems to me, because of the way those programs have evolved at the State level, which I refer to as a marble cake in my written statement, it is very hard to separate out a State part of this, a Federal part of this, or a local part of this as we run the programs.

They are all mixed up together. They are at root the national programs. So it seems to me the responsibility is joint in terms of determining what the programs are and who funds them. So I think Congress and the USEPA has the responsibility to help us financially support the programs that are passed here in Congress and administered by the States.

Let me emphasize the comment I made earlier about consistency among the States. A major portion of the Federal financial responsi- bility stems from the fact that we need to establish a minimum set of standards that the Nation has to meet in air, water and land pollution so that we have a national program and discourage the kind of interstate competition for industry that can happen if States are given too much flexibility.

Ms. GARDEBRING. Mr. Chairman, I would only add to Mr. Carlson's remarks that once you keep in mind a little historical perspective here, there was a time in this country where States on their own operated pollution control programs in a number of these areas.

I think it was a concern about a national public policy on environmental control, and a national commitment to these ideals that led to the passage of the Federal statutes in the early seventies. I don't think we can forget the lessons that were learned in the fifties and sixties in terms of what happens when there is no uniform minimum standard of the kind that Mr. Carlson has mentioned. So let's not return to those conditions.

I guess, secondly, I would add that my frustration with this issue is that while funding is being decreased, it is my view that the requirements that USEPA puts on State agencies in operating the programs are being increased.

I spent 4 years working for EPA. I left there only in June 1982. So I have some sense of that issue. I think it is the combination, sort of a double whammy, we are getting less money, we are being required to do more things that I think are administrative rather than environmental control programs.

So I guess I would just ask that you keep in mind those two issues. We need to consider the historical lessons and funding cuts are being coupled with administrative difficulties being imposed by EPA.

Ms. MAURER. Senator, in addition to the points made by my colleagues, I am sure you are bearing in mind that a slow recovery period is forecast, assuming it doesn't falter. So, when you are talking about long term, it appears at this moment that it is going to be quite literally a lengthy period. There is yet another point in addition to the intergovernmental sorting out of roles, in addition to the national commitment, and that is the need for consistency in standards.

It is the peculiar nature of environmental programs that they need to deal with several States in order to come to grips with a particular problem. Rivers and bays, such as the Chesapeake Bay, the flow of air, they are all multistate issues. State-by-State standards will be useless.

Thus environmental issues require, I think, a Federal role and Federal guidance. There has to be some raising of the permitting fees as has been indicated. However, increased fees will not provide an alternative source for all the needed money.

Senator DURENBERGER. Max?

Senator BAUCUS. I thank the chairman.

Members of the panel, yesterday Mrs. Gorsuch sat where you are sitting right now.

Here is the statement she made.

> Our proposals for the State grant programs include an overall reduction of 26 percent or $60 million. * * * These are feasible proposals. They include reductions ranging from 3 percent hazardous waste, 22 percent in the Public Water Supply Grant Program, based upon actions that we have already taken, actions we can take and actions the States can take to reduce the cost of operating these programs.

I take it you disagree with that statement?

Delegate MAURER. I do.

Senator BAUCUS. I think the panel does, too. I am sure to a large extent most members of this committee disagree. It is the recession which has caused the program and as you all ably stated, it is a partnership agreement between Uncle Sam and the States generally in this area.

It is a partnership which should be maintained. When we are facing difficult times as we are now, it is not good public policy for one of those partners to put all the burden on the other. That is, we have to share the problems and allocate the loss during these times in a balanced way.

So to a large extent, I think it is wrong to preach to the choir here. I think there is considerable agreement between you and the members of the subcommittee and we expect the full committee as well. But in these discussions, sometimes the large numbers and generalities tend to skew some of the actual felt consequences of the cut, say, 26 percent over 1 year.

I wondered if any of you could more specifically tell us for the record what would happen if this full 26 percent would go into effect; that is, what kinds of programs would the States still enforce?

I assume the States could make up part of it. But as a practical matter, speaking conservatively, what practical consequences would happen and what would be cut out? How would that particularly affect people in the various States that you reside in?

Ms. GARDEBRING. Mr. Chairman, Mr. Baucus, I think in addition to the comments that I made earlier, the areas that Mr. Carlson has identified, enforcement activities and monitoring activities are two that would certainly be cut in Minnesota.

There is no way that we could continue to operate the MPBES program in Minnesota if there were a 26-percent cut.

Senator BAUCUS. Cut enforcement monitoring means what?

Ms. GARDEBRING. Means we would send fewer people out into the field to do inspections. I think that would mean our credibility with industry and with municipalities would be reduced. A gentleman came up to me in a meeting last week in St. Paul. He said, nice you are back in the Pollution Control Agency, but we don't really worry about you much any more because we know you don't have any money and you are not sending anyone out to inspect us. It was a remark made in jest. But I think there is a certain truth to that that could be reflected throughout the regulations.

Senator BAUCUS. What are the consequences of that person not worrying about you anymore?

Ms. GARDEBRING. The consequences are, I think, that pollution control equipment is not maintained as frequently and as vigorously as it has in the past. I think there is the general reduction of the efforts on the part of industry to assure that their compliance activities are regularly reviewed at the management level.

Senator **Baucus**. What kinds of pollution control activities would not be monitored and what would the consequences be to the people of Minnesota?

Ms. **Gardebring**. I think the consequences to the people and to the resources of Minnesota are simply that there would be a less rigorous approach on the part of industry to assure that it is meeting its requirements.

I think that there is information available that suggests that environmental staffs in industry across the country have been cut. That is a part of an overall cut that industry just faced as it has dealt with its own economic problems. But it is environmental programs that are enforced as a noncapital producing, nonproductive producing kind of activity. So they are in an area which people think can be cut.

Senator **Baucus**. Any particular increase in pollutants, come to mind?

Ms. **Gardebring**. I cannot give you a specific example.

Let me try to pull together some information and get that to the committee.

Senator **Baucus**. For the record, I would appreciate that. You made a point that you noticed along with the decrease in funds there is an increase by EPA of regulation would you expand a little more on that?

Ms. **Gardebring**. Mr. Chairman, Senator Baucus, I think that the decrease in the program grants could be swallowed more easily by States if it felt that the EPA was loosening the hold a little bit, in giving us more flexibility in administering the programs.

I don't think it is happening. Indeed I think in spite of the regulatory reform language that we are hearing that requirements are increasing.

Let me give you three quick examples:

Water quality standards: I think that much touted reform in water quality standards requirements by EPA is a program which instead of giving us more flexibility will give us less flexibility, will require more of our water staff to meet EPA requirements and ultimately is going to tie up the State administering process so we cannot achieve appropriate water quality standards at least in Minnesota.

Second, the administrative mechanisms put in place to review construction grant projects.

EPA, after Mr. Carlson's agency sued EPA made some changes in the way it would review advanced waste treatment projects which is a congressionally mandated requirement. The agency is now backing off from that position and in my State, it will mean that up to $20 million in construction grant money, which we felt could be out in the field with people working this summer and this fall will be delayed perhaps as much as a year and I would say a good quarter of my water quality staff which could be doing other things will have to go out and spend the summer justifying the projects that we think are appropriate for Minnesota.

That is a reversal of EPA policy. It, again, simply means more administrative burden at a time when we are having fewer resources to meet that burden.

Senator BAUCUS. Is EPA making those changes?

Ms. GARDEBRING. I cannot answer that. In response to, Illinois EPA's lawsuit several years ago, EPA reached a negotiated settlement which allowed certain AWT projects to go forward without this kind of site specific field work.

They have reversed that position for all States except Illinois, where they are bound by the court order. We are going to be investigating this further. I must say I don't speak in behalf of NGA on this issue.

This is my own perspective.

Let me give you one final example that I know NGA is interested in and that is the whole question of authorization of State programs under RCRA.

There is the interim authorization, final authorization, Minnesota developed a regulatory program in advance of the Federal Government and we found it so difficult to translate that program into a federally acceptable program that we are not going to seek interim authorization.

We are going to wait until we can get final authorization. Again, it is an administrative burden. We think we have a program that is substantially equivalent, the buzz word in the statute, but unless you can pull pieces of paper up like this, they look exactly alike, EPA has not moved forward to improve State programs.

Senator BAUCUS. Are those changes, do you think, just bureaucratic entanglements or changes in attitude? Basically, if you have to guess, what do you think is the reason?

Ms. GARDEBRING. I think the changes are motivated by different motivations depending on the change. I frankly think the restriction on the AWT review process is an attempt to spend less money. That is fewer construction grants will get through the process. Therefore, we will not be able to spend our authorized allocated obligated funds. The motivation on water quality standards issue is less clear to me. Again it is touted as an effort at regulatory reform to give the States more flexibility. I don't think States feel uniformly about this issue. I feel it is giving us less flexibility in the guise of reform activities. So I cannot answer the motivation there.

Senator BAUCUS. Thank you very much.

Ms. MAURER. Mr. Chairman, Senator Baucus, the program managers can give more specific detail than I can. But speaking for my own State, much of the Federal moneys in environmental programs go for personnel. Many of them are highly skilled people that you need in reviewing permit applications. For example, assuming that we would make strenuous efforts, as we are now, to continue to fund studies on the Chesapeake Bay, and considering that there would still be a gap, we would have to make some decisions about choices and among many pressing needs. So we would presumably reach some kind of a balance. But it would undoubtedly create major difficulties in that we could not continue the programs at the present levels within environmental programs.

There might be some differences in choices between mature programs and programs that are just under way at the beginning stages and have to make some of those difficult choices. But there is no way that I can see in our State that we could make up all of the difference.

Senator BAUCUS. Thank you very much.

Senator DURENBERGER. Ms. Gardebring, let me ask a couple of questions. I am going to pick on you first because we are taxpayers of the same State. The others may answer if they wish. I think I understand the current figures in terms of Minnesota's share of Federal wealth: Air, $1.5 million Federal, $1.2 million Minnesota; water is $2.7 million Federal, $2.4 million State; hazardous waste is $500,000 Federal, $700,000 State, drinking water is $650,000 Federal, $850,000 State. Is that a ballpark figure, do you think?

Ms. GARDEBRING. Yes, sir.

Senator DURENBERGER. How much should those amounts be, do you think?

Ms. GARDEBRING. How much should they be?

Senator DURENBERGER. On another side? How much should we be spending in Minnesota on air quality, water quality, hazardous waste and drinking water?

Ms. GARDEBRING. I think the levels of funding for the air and water quality programs, if they are not increases in administrative employment, are probably adequate. They are relatively mature programs. The regulatory systems are in place. We are into a time when our focus, in my view, ought to be on monitoring and compliance and enforcement activities.

The funding in the hazardous waste area is not adequate as I indicated in my earlier remarks. I think it should be increased. We have asked for an increased level of State funding because we did not anticipate an increase at the Federal level. So far, the Governor has gone along with us on that.

Some of the funding for that increase will come, we hope, through a permit fee system. But as was indicated by the witnesses, we cannot hope that you will pick up the whole cost. So, we will be asking the legislature to appropriate from the general fund additional funding for about 20 additional staff in that area.

I can't give you a dollar figure for it, but I can provide that.

So, drinking water program, while that program is not administered by the pollution control agency, I am quite familiar with it. Again, I think the funding there is not ample by any means, but we could live with it if we did not face the spectre of increased regulatory requirements by the granting Agency, EPA.

Senator DURENBERGER. Anybody else want to make a general comment on that? Obviously, what I am concerned about is why don't you come in here and say it takes so much to run this program, that program, and so forth, instead of coming in and just complaining about the fact that we are reducing. I put that whole thing in quotations because I understand we are fighting a 2-week time battle here. But one other question that I proposed to Mrs. Gorsuch yesterday was, how much does it take to do what? We tend to live with, on a year-to-year basis, some sort of incremental financing strategy. I presume that we agree what you may take to your Governors or in your case, Mrs. Maurer, what you may have to end up dealing with yourself, is always to a degree reacting. It is either reacting to funding or it is reacting to the way in which we implement the mandate; and the changes and regulations or how fast we move with the State implementation program or whatever. But to a degree it seems harder to answer this question unless with some specificity we can determine so much is enough to do such and such a job.

I don't know if you want to respond at this point, but my question to all of you is going to be if I can assume that what Sandra said is relative to Minnesota and is true to other States, at what point do each of you go to the Governor and the legislature and just decide that this program goes, this one stays, this one we can go halfway on. I think you have already spoken to a degree to that, Ms. Gardebring, but how do you face up to that decision with regard to each of the programs?

Mr. CARLSON. Can I comment a little bit on both of your questions?

Senator DURENBERGER. Sure.

Mr. CARLSON. I have been sitting here thinking about how much we need. Do we have enough? In terms of our agency, speaking for the State of Illinois, we have been cutting back in effect for the last 2½ to 3 years, either because of reduced State expenditures or stable Federal funding since inflation increases costs. We have, through attrition and various other things, have reduced the size of the agency. I think we are basically at a stable level now in terms of having adequate resources to do what we need to do.

We probably could shrink a little bit more and still have a credible program.

Two things bother me about what is happening here in Washington, first is the concept of phasing out all Federal financial support, which I find totally untenable. Second, the cuts seem to be arbitrary. There is no relationship between proposed Federal cutback and what we do at the State level in terms of environmental protection. It is 25 percent here, 10, 15, 50, 60 percent there. There is no particular relationship to an activity or set of activities that we might jointly agree upon. It puts us in a very awkward situation.

Senator DURENBERGER. I take it, that part of the answer to the other question is each State is somewhat different. If you ask Minnesota, Minnesota says: We have been clean for 30 years. We can take some cutbacks in air, but can't take it in hazardous waste. You may go somewhere else and find a different situation. Isn't part of our problem that we intend to treat the country as a whole and we cut so much out of air, so much out of water without looking at how that will impact State by State?

Mr. CARLSON. I think that is correct.

Senator DURENBERGER. Reassure me that the pollution control agencies and the legislature and the Governors don't react like school boards and the first thing the school board does, of course, when you cut back on elementary and secondary education funding, is to say we are not going to have baseball or basketball this year. We are not going to have school sports. How do we know you don't react the same way, you just don't pick the one that hurts your State the most? How does this actually work over 2½ years of cutbacks?

What are we seeing?

Ms. **Gardebring**. Mr. Chairman, if I might comment briefly, it is not in our self interest to do that if we want to preserve credibility in our agencies. In the present State fiscal year in Minnesota we experienced three budget cutbacks from the beginning of the year until now. Since July we have had three rollbacks in our budget. That also happened twice in the previous fiscal year. So we have been going through and, I think, very thoughtful and fairly painstaking effort to try to see where our priorities are for Minnesota and not as a reaction to any threatened Federal cutbacks, but where are the programs in Minnesota that are critical to us and critical to our citizens? I can provide you some of that detail. But I just want to say I think I can reassure you that is not in our self interest to do that. We try not to be reactive in that sense. We try to do it in a way that takes into account the special environmental resource problems that are unique to our State.

Senator **Durenberger**. If you drop your emphasis in terms of application of the professional talent in any of these areas, it seems to me it would be difficult to build it back up.

Am I correct in that assumption?

Ms. **Gardebring**. There are no hydrologists in the air program. When we decrease air, we try to increase hazardous waste, we have an inappropriate skills mix.

We try to juggle people around as best we can. That is a very real problem.

Ms. **Maurer**. I am sure throughout the Nation each of the States is working very hard to make the difficult choices. Many of them are trying through tax increases and other efforts to maintain as many of the programs as they can. But in addition to what was said about Minnesota, I think most States, and I am sure my own, are trying to set their own priorities and are well aware that if you lose your crew, it may not be easy to put it together again in a short time.

Public concern over hazardous wastes and toxic substances is growing. One of the concerns is trying to meet some of the needs in these newer areas, relatively newer in terms of programs and also continue to meet the standards and requirements of the mature programs.

So people will be trying, but it is extremely difficult to bridge the gap.

Senator **Durenberger**. Mr. Carlson, how long have you been in your position?

Mr. **Carlson**. About a year and a half. Prior to that I was on the Governor's staff for about 5 years.

Senator **Durenberger**. In Illinois?

Mr. **Carlson**. Yes.

Senator **Durenberger**. In dealing with EPA, did you have to deal with Ms. Gardebring?

Mr. **Carlson**. Yes.

We sat across the table on a number of occasions.

Ms. **Gardebring**. We know each other quite well.

Mr. **Carlson**. I feel much better now that she is in a State agency.

Senator **Durenberger**. That is the point I was going to explore for the record. I recall her being as inflexible as most EPA people were in Chicago.

Ms. **Gardebring**. Mr. Chairman, I have seen the light in the last month. I am back in Minnesota.

Senator **Durenberger**. Let me ask you another question, Mr. Carlson, that relates to the comments you made about permitting and then ask you about interstate competition.

Would you tell us briefly what Illinois has done to explore permit fees or other kinds of fee assessments in general, whether there are interstate economic competition probems inherent in this permit fee? I honestly don't know whether there are. So maybe you can help me with that. Just what problems do we present for ourselves in this whole area of interstate competition when the Federal Government starts cutting back on its financial commitment to the State?

Mr. **Carlson**. Let me address the permit fee question briefly. We have authority in our act to impose permit fees. We never really considered doing it until a couple of years ago because there was an abundance of money. We dragged out our permit proposals about 1½ years ago, put them out on the flagpole to see if anyone would salute. There was a modest amount of grousing among the regulated community and I think some qualified support.

We have spent the last year trying to develop a system that is meaningful and equitable and are now prepared to implement such a system. The issues became somewhat confused because we have a large budget deficit this year, the biggest we have ever had. The Governor has asked for a fairly substantial tax increase. So our particular revenue enhancement initiative is getting lost in the shuffle.

I don't think we will be able to address that or implement it really for at least another year until the major revenue issues are resolved. We would only recover through our system about $1 million in a $25 million budget. So it is a very modest amount that we can recover under our law that I think is sellable in our State.

Politics I guess gets to your second issue about attracting and keeping industry in our State. When times are bad as they are in the Midwest as you well know, there is a strong concern for retaining industry and attracting new industry. Environmental interest groups, those that want to protect the environment, are not nearly as strong at the State level as they are here in Washington. That varies widely across the country.

If you look at the political balance of forces I think you see the business community retaining the edge. We have maintained a sound program in the State because of the Federal support and the fact that the Governors in the State of Illinois have been fairly uniform in their support of the environment. I think in the absence of a strong Federal presence financially as well as programmatically you would find a very strong impulse to saying you can shave a little bit off here and there to attract industry. Let them pollute the stream a little bit more, relax an emission control here, or do that kind of thing.

I don't think that is very healthy for the environment.

Senator Durenberger. Any other comments on that subject? I guess the last question, of many that need to be asked in this context is twofold. The first is, why matching requirements? I ask that same question when we deal with highways. Why do we have the required 10 percent State matching funds to build the interstate highway or why do we require a 50-percent match to build primary or secondary highways? So I would ask that same question: Why is there any particular value in our insisting on some kind of a match in this whole process of programs that you all look at?

The second part of the question would be: Have you thought about the feasibility of some form of blocking of some of these programs to the State level to permit some greater State flexibility as between various air programs or various water programs and so forth? I would be happy to have all three of you respond.

Ms. Maurer. Although NCSL has not taken a position on environmental block grants specifically, NCSL has supported block grants in principle. The problem has been that the block grants have been used as a cloak for major fund cutting. Consequently, flexibility has not accompanied the block grants. At the same time, the questions have been raised about which are the appropriate standards for the Federal Government to require when programs are blocked. Somehow there seems to be great unevenness in how the block grants are put together. Personally, looking at some of the proposed megablocks which put together child abuse and waste water treatment plants, you wonder about the value of that kind of blocking.

So a block grant as an idea has great potential. The question is how it is implemented. If a block grant is merely a device for cutting funds, it really undermines the potential value of block grants.

Mr. Carlson. The rationale for some match, some substantial match between the two elements of the partnership is sound. It gives both parties a stake in running a good program because of the financial involvement of both parties. At least speaking for the State level, we have a State program intermingled with the Federal program. We have a responsibility to fund at least those activities.

But I think accountability is the real answer to your question. Joint funding makes both parties accountable for the program. I think the match should be substantial enough so that the accountability is there. I think 25 percent makes more sense than 2 or 3. Let me say, I would also like to see more flexibility in the funding structure.

Right now we are organized along media lines—air, water, land, public water supplies. We would like to explore the use of people who can inspect facilities for violations in all programs. Right now, we have people inspecting air pollution control equipment in a single facility, somebody else comes in to look at the discharge to the local stream, somebody else comes in to see what the hazardous waste treatment is like.

We would like to cross lines with the people so one person can do more. It is difficult to do, given the way the programs are set up, the way the funds are allocated to the States, and the way we have to respond to the system. We would be even willing to trade off a little bit of money for more flexibility.

I think we could save money with more flexibility.

Ms. GARDEBRING. I would endorse Mr. Carlson's comments about the match. The idea of a block grant has certainly appealed to me. I would suggest one cautionary note. That is that in my experience in my State there is one particular program that is a whipping boy. In Minnesota it has been traditionally the air program. I think without the specific mandate to look individually into specific areas; that is, one or another program might suffer, and I think in Minnesota it would likely be the air program.

I don't think that kind of flexibility that would cause one program to be seriously underfinanced is appropriate. So you want to build in an accountability mechanism in some specific areas, I would think. But generally it has a lot of appeal to the State administrators all across the board.

Mr. CARLSON. Let me add one caveat. It appeals to those of us who administer agencies in which all the programs have been basically concentrated. A lot of States have separate agencies administering air and other programs. Blocking for them doesn't make nearly as much sense.

Senator DURENBERGER. I appreciate your testimony, your time, and your generous responses to the questions.

If you have any additional comments that you want to make part of the record, please do that by the end of the week if at all possible.

Thank you, very much.

Our second panel of witnesses today will be program experts. They are Dr. Robert Collom, chief, Air Protection Branch, Georgia Environmental Protection Division, on behalf of the State and Territorial Pollution Program Administrators; Mr. Thomas Eichler, director, Environmental Control Division, State of Delaware, on behalf of the State's interstate water pollution control administration; and Mr. Richard Valentinetti, president, Association of State and Territorial Solid Waste Management Officials.

I guess all three of you have been subjected to the last hour and a half. You know what the rules are. You may also anticipate some of the questions.

I won't hold you to the 7-minute rule. I think all three of you were out there listening to all of it. If you want to either summarize your comments, add any other observations, any notes you might have taken as you sat there and listened, that might speed up the whole process. So we will go with Mr. Collom first.

STATEMENT OF ROBERT COLLOM, CHIEF, AIR PROTECTION BRANCH, GEORGIA ENVIRONMENTAL PROTECTION DIVISION

Mr. COLLOM. I will briefly touch on the written testimony which I assume will be part of the record.

I will try to at least touch on part of the questions that I was able to make notes on. I am with the Georgia air pollution control program and speaking on behalf of STAPPA, which represents all of the State air programs around the country.

Basically, the EPA grants represent 40 to 50 percent of state air program costs nationally. One of the points that we would like to make is that we observed the proposed EPA air program reduction is 10 percent, but the reduction of grants to States is about 17 or 18 percent. We cannot help but question why EPA should only receive half as much cut as State programs in the same air program area, particularly when the evidence available to us indicates the States are much more cost effective in producing national air quality improvements, emission reductions, and the continued assurance that those reductions would stay in place over the years.

I am not proposing that EPA dissolve because there is a very genuine need for an effective Federal program as well.

The philosophy of the Clean Air Act correctly, I believe, is that the States and local agencies have primary responsibility. I think this was a recognition by Congress that this is where you would likely get the most "bang for your buck."

This obviously is of major concern for the whole country right now. States are not coming in and asking for more continued "feeding at the public trough" because it is convenient and easy to ask for.

In fact, States have been taking on increased costs due to the inflationary impacts of salaries, travel expenses, and other things that have gone up nationally.

For the most part, Federal funding for the last 2 or 3 years has been level or going down slightly for State air grants, while at the same time States, as I say, have picked up somewhat on their share.

We don't think that asking for level funding, by this I mean fiscal year 1982 Federal grant levels, is asking for too much.

We are quite aware of the need for fiscal conservatism in the Nation. I agree with the comment that Senator Randolph made, that we don't need to mortgage future generations. Making kneejerk reactions in the way of fiscal adjustments at this time could well mortgage the future. Environmental protection of future generations from such reactions usually cost much more than preventive steps or maintenance of what you already accomplished.

We have accomplished a lot in this country that needs to be maintained rather than thrown out the door and 5 or 10 years later recoup the same controls again at a two or three times higher cost.

Another point along the same line, I understand the EPA financed a recent study that shows very strict control of particulate matter is cost beneficial for public health and welfare concerns. This is at a time when EPA is reexamining the particulate matter national air standard.

The States are already facing some budget reductions, and have already made some adjustments due to that. State tax revenues are down, as they are at the Federal level. Some States have frozen positions. They have eliminated positions. Travel money is down. Equipment purchase money is either level or down. Even if it is level, this will pose problems in the future as equipment begins to wear out. There is not enough money in State budgets now to replace the equipment.

EPA has suggested States increase their funds by the use of permit fees. Some States are doing this. Many more are looking at it, including us in Georgia.

However, it is basically true around the country that the fees would go into the general State treasury and not be earmarked to go to the air program which generated those fees.

With the competition that exists and will get greater, to give direct public assistance, Senator Randolph mentioned closing hospitals. I dare say State legislatures would prefer keeping hospital beds open and continue to reduce environmental funds, for which the direct relationship in air quality benefits to public health is not as easy to make as medical treatment.

There is also the issue of inequity when using fee systems. In many States, EPA issues permits. This is because the PSD program is very complex and a number of States have not accepted delegation. EPA does not charge any fee for the PSD permits they issue in these States. This would automatically create an inequity.

Air programs are fortunate, if you look at it this way, in that we have a very good case example to point out to as to the cost effectiveness of State programs. The State of Idaho legislature elected to close down their program about 2 years ago. EPA stepped in through the use of their own staff, hiring a contractor, attempting to maintain the Idaho program. They found quickly they could not do so even with increased expenditures of Federal money.

They cut back air monitoring, number of inspections, and they found out they did not have adequate legal authority to issue EPA permits to small and medium industries. They could only do so basically for PSD applicable industries which are the very large ones.

The Idaho program is now a State program again. That experience I think very clearly points out the cost effectiveness of providing States with grant money as opposed to trying to have EPA operate in the same activity.

EPA pay scales are generally higher than pay scales in the States. Although the State is where the most "action" takes place—the actual air sampling, inspections and enforcement.

States have already experienced some layoffs. Basically, the personnel cost is 80 to 90 percent of the State programs. Therefore, as you cut EPA funds approximately 18 percent, this would relate to about a 10-percent total program reduction. If you eliminated this all from travel money or equipment purchase money, or other ancillary items, you would have people sitting at their desk, not doing anything and not being able to go into the field. So the degree of reduction EPA is proposing in 1984 will definitely mean less personnel, either layoffs or freezing of positions. This will mean less people in the field doing air sampling work which is needed to know if you are meeting your goal and less people inspecting sources. Therefore there will be less effective control.

We are already seeing industry making the choice, because they are under some economic hardship themselves, of "do we continue to maintain the control equipment or let it slide?" If they know that there are going to be less State inspections, the maintenance of that equipment will be less. Emissions will increase and air quality will degrade.

The basic State program effects, this is fairly consistent for all States, is based primarily on the NGA study that was done in 1982 and a STAPPA study plus many phone calls I made last week myself to the States. If they take the kind of reduction EPA is proposing air monitoring will be down and inspections will go down. Those are probably the first two activities that will be cut. Permitting will at a minimum be delayed.

As the gentleman from Illinois properly indicated, industry must legally obtain a permit before they construct or expand any plant. Therefore, the permitting delays occur. This has already started in some States. Industry will get less timely decisions. I know from personal experience that if they cannot get decisions within a certain timeframe, so they can get into the market with new or increased products, they won't build the plant, or they may go somewhere else or change the entire physical planning.

Another thing that will be beneficial to the country and industry is the new bubble program. This can save industry millions of dollars and still keep the air quality benefits, but it places an additional burden on State programs to look at the very unique and complicated bubble activities and approaches that industry would develop. They are unique. They are case-by-case evaluations that take more time than just normal classical permit review. The States would have no option but to delay a review or not review the complicated bubble proposals which could save the Nation billions without sacrificing air quality.

EPA has indicated that there is less need for State planning. I think they are pointing to State implementation plans. The fact of the matter is that as we all know there are quite a few nonattainment areas still existing in the country. The States are facing potential sanctions. We will have to reexamine existing regulations and develop new ones and get them into the State implementation plan.

EPA has refined their review of implementation plan submittals from States. This saves money for EPA but not the States. We are still faced with the same planning, generation of background information to support the plans and make corrections to it, which many States are going to have to in these nonattainment areas.

Much of the nonattainment appears to be due to interstate transport problems. There is not enough good research and only EPA is capable to do it. This is where they can be more cost effective than the States, to do the basic research that will be needed to answer these very complex questions that we don't know how to deal with now. You will continue to expose the public to health related problems, if research for the State implementation provisions cannot be financed.

In closing, we basically propose that State grants be maintained at fiscal year 1982 levels. This will still require States to generate more of their own money to support the programs for the needs that are there. They have been doing this in the last few years already. We ask that Federal research and necessary assistance to States be continued. We are concerned that some of this research may be cut from the EPA budget to a greater degree than would serve the country's needs right now.

Lastly, we continue to ask the Congress to keep in mind that use of money at the State level is more cost effective than the same money at the Federal level. This is just the way it is. I am not trying to cut the throat of our Federal counterparts. There are very capable dedicated people within EPA. We both have to face the fiscal problem, not just the States. If there is going to be true partnership, both Federal and State programs are going to have to take on their share of cuts, management efficiencies or what have you.

Senator **Durenberger**. Thank you, very much.

Mr. Eichler, if you don't mind, we are going to take a 5-minute recess.

Thank you for your indulgence.

Mr. Collom, I thank you for your testimony.

Mr. Eichler, why don't you proceed.

STATEMENT OF THOMAS P. EICHLER, DIRECTOR, ENVIRONMENTAL CONTROL, STATE OF DELAWARE

Mr. **Eichler**. Thank you. I too am not going to read the statement verbatim.

I will say that, first of all, in terms of workload, in terms of the water quality programs that the States are running around the country, we do not feel we are over any kind of a hump.

In fact, we think our program has reached one level of maturity. We think it should go on to another level. Just as an example, in the area of toxics control, the BAT requirements are now being set by EPA. This means we now need to put them into our MPDS permits around the country.

July 1, 1983, is the deadline for the pretreatment program. That is a very serious proposition in most States. Many of us have applied for that delegation. We have to set on with that. We think it is important. We believe that with regard to water quality base problem solving, there is a movement toward giving States more flexibility in exercising discretion.

This involves things such as biomonitoring, toxic controls, advanced waste treatment justifications and so on, all of which are very sophisticated kinds of activity that takes a lot of technical judgment and expertise.

We find it a bit ironic that EOA's budget priorities seems to be in conflict, while they are proposing a 56-percent reduction in section 106, EPA at the same time is proposing a budget increase for itself of 14 work years and $1.6 million for water quality standard program. That comes out of this document.

I will quote what they are saying. They want to do this because they want to assist States in developing water quality based approach to water pollution control.

The program will work to increase the flexibility of States to set criteria and standards and set uses which reflect local environmental conditions.

We find it very ironic that EPA needs more staff to give us more flexibility.

At the same time they will give us less money to exercise the flexibility. We think this kind of a collision course quandry that we continue to not know how to respond to it effectively. We believe that the flexibility that we are talking about here can end up putting us in a greater pressure to make decisions but with less resources to make them intelligently and responsively.

Finally, I do believe there is a second generation need to get on to matters relating to operation and maintenance of treatment plants, to protect the investment that taxpayers have put into those plants.

We have $40 billion worth of municipal facilities either built or under construction. We now need to turn to work with our municipalities in terms of operator training and licensing, the kind of troubleshooting that they need to solve problems. We have many communities in this country, particularly the smaller ones, this is running the feeder plant is the biggest technical challenge they have.

Some of them feel overwhelmed by it in addition to the financial problems that they have. The States have to be in the position to be able to provide assistance to them in terms of the training, licensing, and problem solving because plants are working to keep them on line and return the investment.

In short, I think that the workload we have in front of us is challenging. It is very worthy. It takes us into some areas where we believe professionally our people want to go but it does cost money.

There have been some funding alternatives suggested in EPA's budget request. One of them has been that the funds from sections 205(G) and 205(J) be used as an alternative to the reduction in 1064.

I am not going to belabor that point. I am going to say it doesn't really work that way with the restrictions in the law that pertain to those sections, the workload that goes with implementing those purposes those kind of funds are not available certainly not in the degree of making a one on one substitute for the 106 reductions.

With regard to State permits, the EPA has been a consistent advocate that State issue permits ought to have fees on them. My colleague from Georgia raised a quandry a little bit about putting fees on their own permits for PST.

I think we could ask the same question for all of their permits. I think it works a competitive disadvantage to a delegated State to have a fee in its permit that it is issuing and making the next State over where EPA is doing the job, not charging any fees at all.

In Delaware, we anticipate setting a series of permit fees this month. People worked on it for 6 months. It has been a very difficult piece of business. It raises a number of basic policy issues in terms of finance, control, accountability and so on within our State.

It is something our business community has been very actively involved in. If we are able to set the fee schedule that we are proposing, it will generate less than 10 percent of our operating budget for our operation for environmental programs generally.

We have set this schedule basically aimed at filling the gap between level Federal funds and the impact of inflation. So our fees indeed are a very modest endeavor.

We are proposing MPDS fees that range from $250 to $500 annually. If we were to use fees to make up for the budget reduction that EOA is proposing, they would have to make an increase of those fees to range from $825 to $6,250 which clearly is out of the question in our State and I think in most States.

Several suggestions have been made with regard to increased State efficiency.

I think it is important to know that our programs have been running lean for a number of years, that we have not enjoyed booming times at all and that our funding has basically been static. We don't see an increase in our program size but we are really trying to maintain it at it's current levels. We have not witnesses any material reduction in program requirements or cutting of redtape.

We don't really have the benefit of those things in front of us. At the same time, we believe that because of the tightness of our budgets overall, that to go through a number of economy steps that have made our programs more lean already and to suggest that we can fill the current budget reduction gap through increased efficiencies is not really to understand the program.

I have brought with me some fact sheets from various States that shows how these cuts might impact us in various ways.

In terms of some recommendations, we would like to recommend that Congress continue level funding of the water quality program grants. We do that not with any mind that that is all the money that we need but that level funding will provide some time to really do some sorting out as to what the real needs are.

Our second recommendation is that Congress needs to do some things to restore stability in our programs. In my State, for example, I will be lucky if I know how many Federal dollars I have before October 1 and probably some months after that before I actually get them.

In the meantime, the Governor has already submitted the State budget request for 1984, so we are in a situation where we really don't know what we are going to have, what we are going to be dealing with.

I think constantly year to year have requests that at the Federal level reducing our Federal funds puts us in the position where we cannot adequately predict what kind of programs we can support. We cannot turn these things on and off overnight. So what we would like to see is Congress take an active interest in investigating the relative cost of a State implementing of a program versus what it costs regional offices to implement that same program.

We believe that you will find that it is more cost effective for the States to do this job and that that view should help to establish some kind of criteria that we could use going into the future in terms of a more predictable pattern of funding for a period of years.

Without that kind of program stability, I am afraid we cannot even spend the dollars that we have as efficiently as we should. I notice, for example, that some of the States are taking some of their money using it for consultants. One of the reasons they use the money that way is they continue to know year to year what they have. Consultants usually cost twice as much as staff, but you don't know if you are going to have to lay the staff off the next year. You spend your money that way. So this kind of inefficiency that is a result of the fluctuating funds themselves is something that we would like to see corrected by some effort to restore the overall program funding stability.

Senator DURENBERGER. Thank you very much.

Mr. Valentinetti.

STATEMENT OF RICHARD VALENTINETTI, PRESIDENT, STATE AND TERRITORIAL SOLID WASTE MANAGEMENT OFFICIALS

Mr. **Valentinetti**. Thank you, sir.

I want to first thank you for making me feel comfortable here with all of this snow. I think it is another example of misplaced resource. It is paralyzing you people down here. We could use it up in our ski areas. I am sure there are some other States that could too.

Senator **Durenberger**. We couldn't figure out how to ship it. We can't even move it.

Mr. Valentinetti.

I think when we go back and look at the original intent of RCRA, it was conceptualized at its inception of being a three-pronged attack on waste with Federal-State grants for resource recovery programs, solid waste programs under subtitle D, and hazardous waste programs under subtitle C. Resource recovery program funds were eliminated September 30, 1980. Subtitle D grants were zeroed out for fiscal year 1981. Though the Federal Government fiscally "bailed out" of these programs, the States have supported a level of effort in these areas to carry out congressional intent.

And I think the States are carrying out the original intent of RCRA as far as the questions of dealing with resource recovery land fills. Subtitle C, the hazardous waste program, has had some minor increases in the last few years. It has been to the detriment of some of the other waste programs, such as the reversion of subtitle D funding for landfills.

Right now we are looking at the $1.6 million reduction from 1983 to 1984. I think that we have testified before the full committee that the States felt that the need to properly implement this program at the Federal level would be $60 million in 1984 and $80 million in 1985. But I think that at the same time we also recognize the political realities of trying to get increases at this time and therefore seeking to at least restore level funding from the previous fiscal year.

We are as some of the previous speakers indicated at a critical juncture in the development of these programs. We are in a very different evolutionary mode than the air and water programs.

It is not a mature program. Standards have not been established or they are just being established and trying to put together the personnel to implement those standards inhouse is very difficult. It is a very resource intensive area.

Let me just give you an example of some of the—resource issues using EPA's own manpower allocations. They have projected that in 1981 there would be 363 work years for permitting in the States. The same document indicates that by 1984 permits by the States will demand 2,375 work years, 6.5-percent increase.

The State of Massachusetts presently has 75 people that work in their hazardous waste program throughout the State. Using EPA estimates, criteria to estimate what their staff should be, they need an additional 145 people, bringing them to a total of 220.

I asked the question on where are these resources going to come from? The States have sought to increase and have had some support at the State level to increase their own State funds. The States are starting to look at the entire permit fee question. We are just in the process of just starting to get up to the permits due to the long delay in the EPA promulgation of regulations.

So the States are participating financially at a greater level than ever before and yet the administration proposes a cut in this program. I guess we just can't figure out the rationale to that, knowing the situation. It may be a symbolic cut. I can't understand it. But I think it will have some real effects in the States.

I think in answer to a previous question, what will it in fact do? Most of the other programs have talked about what they will not be able to implement or that there will be fairly long delays as far as permitting. The same thing happens in the hazardous waste program. Permitting will be substantially delayed. Enforcement activities will be substantially reduced.

At the present time those facilities that are operating operate under an interim status, operating conditions which are spelled out in the Federal Register. They don't have a permit.

I think it seems like the industry would benefit for a long delay in the permitting in the hazardous waste program. As an enforcement agency, I feel much more comfortable going in as far as inspection into court based on a permit rather than some general regulations. I see some substantial delays in permitting because of the reductions of funds.

I think we also have an example of a program which has not been funded. That is the subtitle D, the sanitary landfill program. A component of that process was the creation of the National Open Dump Inventory. This for the first time was the use of a nationally recognized criteria on all dumps so that there would be some definition of dump. In fact you would be talking about the same definition between States. There wasn't consistency between the states.

As a result of the cuts in subtitle D the open-dump inventory has slowed down, those things that would happened after, have not occurred. Half of the States have indicated that since EPA has not provided the money that they will not be able to complete the open-dump inventory. That program was being funded at approximately $15 million. I think it was in fact bringing about the suggested changes that you were talking about as far as some national consistency.

Also one thing that wasn't brought up this morning is that most of the national consistency is not based purely on environmental factors, but are based on public health factors. As I mentioned, half of the States will not complete the open dumping inventory. We for the most part have not been able to replace those funds in the solid waste program. So what has happened is that 3 years of a comprehensive program to deal with this problem have evaporated.

The States are back to very much a problem oriented, complaint oriented program which really and truly doesn't make sense in the long run.

I think the other point, the other concern that I have as far as the question of open-dump inventory and subtitle D is we are very cognizant to the fact that those landfills and dumps are able to take hazardous waste up to 1,000 kilograms per month.

So that we know that a lot of hazardous wastes are in fact going to those landfills. I think we are talking about the future. I think there is no doubt that we are going to have future problems with those municipal landfills.

On subtitle D, on the whole question of fees, user fees dealing with solid waste have been tried by some States. There is some reluctance on the part of State government to utilize user fees to fund State solid waste program activities if such fees are passed back to the local government in performing their governmental tasks. So not only are you asking them to fund your program but then you are forcing it on to them too. It is a fairly hard thing to sell as far as the question of user fees in solid waste programs.

I want to also echo all of the concerns on research. No State can run a research program to the degree necessary, to in fact get the good technical basis that is needed for these regulations. I mean we see that in the RCRA research program. We are talking about a 20-percent cut. I think that if anything the Federal Government should be providing the technical wherewithal to in fact deal with these issues and those of them are research areas. So that as the other people have spoken to the research we think it is a critical area that deserves attention as far as being funded.

I think in closing we are looking at some cuts in the national hazardous waste program. We realize that States are going to have to reprioritize their waste management activities. It will mean delays in the permit process. I think it will be to the detriment of the environment and public health.

Senator DURENBERGER. Thank you.

Let me start with Mr. Collom. I have a series of questions that deal with specific impacts of proposed budget cuts on air pollution control programs. I think you have been provided a copy of those questions ahead of time. We may not want to take time to answer them all now. If you would like to respond to any of them that you think would be appropriate at this point, I would appreciate it and the rest of your responses might be made part of the record.

Mr. COLLOM. Thank you, Senator.

I will, where I can generate more specific background numbers, try to submit something within the next week or 10 days.

With respect to EPA's basis for saying that their proposed air grant cuts can be accommodated with no problem, they mentioned reductions in regulatory planning costs at the State level. I am not sure specifically what they are referring to. As I have already stated their more speedy review of SIP submittals does not save the States any money. Second, the States now have very complex nonattainment area issues to deal with which will require some complex plan preparation and new strategies. We are facing the potential for dealing with acid rain, toxics, and several new source performance standards. The new fine particle standard will require extensive monitoring, since there is no data basically available for the Nation, and then developing a new strategy. So I don't see where planning is going to go down in the next few years at the State level.

They mention elimination of duplicative monitoring sites. Again I am not sure of their definition. I do know the States have already, due to tax revenue decreases at the State level, shut down some monitoring and put others on a once-every-other-year cycle. There is not enough equipment money to replace these. They do have a life of 4 to 5 years and particularly the continuous monitors will run $10,000 or $15,000 apiece to replace. So again, I don't see any quick savings there.

As for management efficiencies, the States have already bitten the bullet to various degrees in that area. In Georgia in mid-December all current vacancies were removed from our budget. This was 12 positions. Other States are experiencing freezes or have had actual position reductions take place already.

Travel funds are down. We are trying to more efficiently plan travel so more than one or two inspections can be done while the person is in the field. We are trying to think of ways to make inspections quicker and still be effective. Again this would require assistance from EPA in the way of training for new inspection procedures. EPA staff are concerned and willing to work with us in this regard. It will require money for them to advise us on any more efficiencies than we have been able to figure out on our own.

So their three rationales do not explain away the need for the money that we say should remain at a level equal to funding for 1982.

As far as returning delegated programs, this obviously will depend on the politics within each State. But from my discussions over the years with air program directors I know the PSD program will probably be one of the first that will get serious consideration to be returned to EPA. That program is filled with unnecessary, nonproductive administrative procedures for reviewing and issuing permits. They don't produce an air quality benefit. They don't protect PSD increments. They are just there. The States just frankly cannot afford, if they get reduced funding, to continue to do something that doesn't produce any real air quality benefit.

Senator DURENBERGER. Who loses out when that happens?

Mr. COLLOM. The general public. Their air quality is still available in clean areas, and would be given away or used up quicker than it should be or needs to be. Therefore, economic growth would be limited as well as protection of particularly sensitive class 1 areas such as the Grand Canyon and the like.

Management efficiencies—again this is a fine sounding word but we all are striving toward that each day. But without assistance from EPA in devising or providing flexibility to us, which they have talked about and not find a way to do it very effectively, we can't institute a lot of efficiencies without ignoring Federal laws or regulations. So far most States are trying to seriously adhere to the Federal laws and regulations. There are some that are questioning whether they should be involved. I would hate to see that happen. It would reduce the credibility of the whole national program.

Senator DURENBERGER. You made some mention in the first part of your testimony about budget cuts with increased permit processing time, something in the neighborhood of 25 percent. Is there any way to project that out into the cost to the industry involved? Is it just one of those given that we all understand and there is no point in putting a dollar value on it?

Mr. COLLOM. I don't think I could produce an industry-related cost. I can say, this has happened in Georgia, that industries just will not build. The public therefore suffers at a minimum for the lack of jobs and the lack of industries. Industries have plant siting needs, as does the Government. I would reiterate Mr. Eichler's statements about planning in the future. That type of uncertainty keeps you from operating new, more efficient programs at the State level, and in the case of industry new, more efficient plants, new products. They can't afford to take that risk.

Senator DURENBERGER. Let me ask all of you a general question which relates to the State implementation plan process. It gets back to the permitting requirements. One of the requirements in the State implementation plan was that it provided for maintenance of State effort, curbing pollution. If it is disapproved, there will be a termination of funding for highway construction and a variety of other sanctions. Do any of you foresee, that as a direct result of the Federal budget cuts, there will be a reduction in the maintenance of State effort and a consequent ban on permitting and construction of highways? Is that a part of the realistic scenario that we face out there?

Mr. COLLOM. In the air pollution area for nonattainment areas that EPA has announced in the February 3 Federal Register, I am told by everyone within EPA that is willing to talk to me that they are very serious in following through in the next few months with those types of bans and sanctions.

They themselves admit it will be counterproductive as far as air quality and environmental benefits and would hurt State programs. They are claiming that Congress is making them do it. I don't frankly read the Clean Air Act that way myself. I am aware that Senator Randolph does not, nor does Senator Stafford. This is EPA's line of thought.

Senator DURENBERGER. Does anyone else have any comment?

Mr. EICHLER. Let me just say that one of the interesting things is that each Federal law has its own matching requirements. The maintenance of effort requirement is in the Air Act. I think what you may see is as each State tries to maintain funding for its different requirements, and they are different, that that might help to warp some of our priorities rather than program output, just maintaining the grant requirements may send another one down to another place where it maybe should go to another place.

Mr. VALENTINETTI. I don't have any comments on the sanction section. I think the point is well made. We are talking about such different programs between State implementation plans, NPDES and also the whole question of authorization.

Senator DURENBERGER. I will wind up with a comment rather than a question.

Since each of you represents three major program associations around the country, I would like you to go back to your associations, and I will probably put this in a letter, and do some work for this subcommittee, ergo, the full committee in the whole area of fees. We are obviously trying to adjust in this country from taxes to revenue enhancers to user fees in certain areas.

I think we appreciate the difficulty in treating the pollution control process as a utility, even though in some sense it is. But the economics and the market is different from gas or electricity. Yet, it is quite clear that that is at least a direction that we need to be going in this country.

So each of you has spoken to that issue. I assume you have done that not just in reaction to what EPA has said about reliance on permit fees but in reaction to your own understanding of the realities out there. It would be extremely helpful to this committee in the process of defining and funding a national purpose but freeing that financing mechanism of these cyclical problems that we run into, both at this level and at the State level. If we were able to start moving in the direction of some kind of a consistent fee process, recognizing what several of you pointed out which is that you just can't have it in one State and not in another and the like.

But I would like to ask each of you to take back to your associations the deep concern and and the need that this committee has for at least a preliminary suggestion, from your standpoint, of how we could put together some kind of a fee system that would make some sense and what our role at the national level might be in making sure that that fee system ties in with the mandates and with the basic economic equity that a national purpose has got to have as it is being implemented.

So since you raised the subject let me toss it back to you. It isn't done just to get it off our backs but to ask you to help us recognize the realities of the financing of these programs and give us some advice on how best to do it.

I appreciate the time and the testimony that each of you brought and your willingness to respond to the questions. If you have anything else to add, please do it in writing and do it by the end of this week.

Does anyone else have anything to offer? If not, the hearing is adjourned.

[Whereupon, at 11:30 a.m. the hearing was adjourned, subject to the call of the Chair.]

[Statements and other material supplied for the record follow:]

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SUMMARY OF HEARING ON EPA FY 1984 BUDGET REQUEST FOR STATE ENVIRONMENTAL MANAGEMENT GRANTS

HEARING HELD BY SENATE ENVIRONMENT AND PUBLIC WORKS
SUBCOMMITTEE ON TOXIC SUBSTANCES AND ENVIRONMENTAL OVERSIGHT
FEBRUARY 16, 1983

Claudia Copeland
Specialist
Environment and Natural Resources Policy Division
February 22, 1983

HIGHLIGHTS

* At a Feb. 16, 1983, hearing before the Senate Environment and Public Works Subcommittee on Toxic Substances and Environmental Oversight, witnesses from States urged Congress to reject the Administration's proposed funding level for State environmental program management grants. Rather than the proposed $172.8 million for grants, witnesses recommended that these programs be funded at FY 1982 levels, a total of $229.3 million.

* Federal financial assistance accounts for 45 to 50 percent of State environmental program budgets. It is a higher proportion of some media activities, such as hazardous waste management, where Federal funds account for 65 to 70 percent of total funds. States today are responsible for significant day-to-day management of national environmental programs. For example, States administer 70 percent of the water quality program.

* Witnesses from States and State organizations said that, if Congress were to approve the recommended 26 percent reduction in State grants, ambient monitoring and source inspections would be significantly cut back first in most States. The consequences would be to impair the ability of States to determine amounts and sources of pollution; assess compliance and program success; and, ultimately, maintain credible programs.

* Significant permitting delays also are likely to occur if requested funding levels are approved, witnesses said. The consequence would be costly delays for industry.

* Witnesses said that reverse delegation (the returning to EPA of program responsibility previously delegated to the States) remains a threat to the Federal-State partnership for managing environmental programs, if State grants are reduced as requested. NPDES and PSD permitting programs are likely to be returned to EPA first, they indicated. The consequence would be added burdens on EPA for the returned activities, disruption of the intergovernmental partnership, and less environmental protection.

* Witnesses rejected Administration contentions that Federal regulatory reform, availability of permit or user fees and interfund substitutions, potential for more State efficiency, and maturity of certain environmental programs justify the requested grant reductions.

INTRODUCTION

This report summarizes testimony from a hearing held Feb. 16, 1983, by the Senate Environment and Public Works Subcommittee on Toxic Substances and Environmental Oversight on a portion of the Environmental Protection Agency's (EPA's) budget request for Fiscal Year 1984. As part of the Committee's overall review of EPA's budget proposals, the Subcommittee heard two panels of State witnesses who testified on the likely effects of the Administration's proposed 26 percent reduction in grants to State environmental management grants. (A list of the witnesses is attached to this report.) The budget request for the Clean Water Act construction grants program was not discussed at the hearing.

The tone of the hearing was set by Subcommittee Chairman Durenberger, who noted that in testimony the previous day, the EPA Administrator argued that "phasing out the grants is part of the Administration's New Federalism initiative and reflects an improvement in the Federal-State partnership." He described his own understanding of this issue.

> I consider myself a minor expert on questions of federalism and I don't know of any federalism theories, new or old, that would justify a termination of the grant programs for environmental protection. The standards included in our environmental laws are mandates — Federal mandates imposed on State and local governments. They reflect the goals and objectives of the national government, not the States. Put to the test in many legislatures across the land, I don't know that they would survive in their current form.
>
> All the federalism theories I know of, say that a government which imposes a mandate on another government has a correlative responsibility to finance the mandated activities. (Statement of Senator Dave Durenberger, pp. 6-7) [1]

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[1] Throughout this report references to specific statements will be made either to the transcript, or to a witness's writtent statement, as in: Statement of John Doe, p. 1.

The witnesses presented a unified message. They urged Congress to fund State environmental programs at FY 1982 levels, $229 million for all grants (exclusive of municipal wastewater treatment construction grants), saying that maintenance of those levels is necessary to prevent severe cutbacks in State program activities. Over the last two years, they said, States have absorbed inflation-related Federal aid reductions, suffered the continuing effects of the national recession and struggled to balance competing public needs and goals for their citizens. The Administration's request for cuts of $56.5 million in State grants should be rejected, they said, because it will seriously impair States' ability to protect environmental quality and will disrupt the current Federal-State partnership for managing national environmental programs.

As preliminary testimony, Delegate Lucille Maurer of the Maryland House of Delegates presented an overview of State fiscal conditions today, noting that, because of delayed economic recovery, two-thirds of the States recently surveyed by the National Conference of State Legislatures have reduced spending for the current fiscal year below previous estimates. Thirty-one States now expect to have a year-end balance of less than one percent, in relation to total spending during the year. Nineteen States anticipate year-end deficits, despite balanced budget requirements in most States, she said. States have adopted various measures, including additional spending cuts, tax increases, and stopgap measures such as acceleration of tax payments. The prospect is for a weak State fiscal condition for the foreseeable future, she said.

With that general background, other witnesses described likely effects of the proposed reduction in State environmental management grants and responded to Administration arguments for the proposed reductions. The remainder of this report describes the testimony on these points.

I. EFFECTS OF PROPOSED CUTS IN GRANTS TO STATES

The Administration porposes an overall 26 percent cut in Federal grants to State environmental programs for FY 1984. Reductions in individual media programs would range from 4 percent for State hazardous waste activities under the Resource Conservation and Recovery Act (RCRA) to 56 percent for water quality programs under the Clean Water Act (CWA). Witnesses at the February 16 hearing addressed in specific and general terms the effects the consequences of approving the proposed reductions.

A. Specific Effects

Richard Carlson of the State of Illinois Environmental Protection Agency said that "States will make cuts where they have the greatest flexibility to do so and where the negative impacts are long term." (Statement, p. 4) In that regard, ambient sampling and source inspection were the activities cited most often by witnesses as likely to be reduced or eliminated.

> Ambient air sampling and the frequency of source compliance inspections would decrease....That will have a direct impact on degradation of overall air quality...we have already noticed industry considering choices between repairs and maintenance on air pollution control equipment, which does not produce revenues for them, and continuing to maintain their production equipment. (Statement of Robert Collom, Air Protection Branch, Georgia Environmental Protection Division, on behalf of the State and Territorial Air Pollution Program Administrators [STAPPA], p. 5)
>
> Enforcement, monitoring and permit issuance (especially of federally owned facilities which constitutes 94% of the [CWA section] 106 program, will obviously be most affected. (Statement of Thomas Eichler, Environmental Control Division, State of Delaware, on behalf of the Association of State and Interstate Water Pollution Control Administrators [ASIWPCA], p. 5)

According to ASIWPCA, because of program delegation, States will issue 66 percent of Best Available Technology (BAT) permits for industry. Yet, "sound protective BAT permits will be very difficult to develop without adequate monitoring." (State Water Quality Fact Sheet, Feb. 1, 1983, p. 5)

In the State of Minnesota, ambient water quality monitoring would be eliminated. Acid rain monitoring would be dropped, as would air and water quality toxics monitoring. "We think that overall the air pollution effort would perhaps suffer more than others because we have already experienced cutbacks in air pollution." (Statement of Sandra Gardebring, Minnesota Pollution Control Agency, transcript, pp. 23-25)

In the State of Illinois, compliance and enforcement would be the major areas of reduced activity, according to Richard Carlson. (Transcript, pp. 29-30)

1. Delayed permitting.

One area likely to suffer, according to several witnesses, is timely permit issuance. Robert Collom estimates a 25 percent delay in issuing permits under the State of Georgia's air quality program. (Statement, p. 4) Richard Valentinetti, Air and Solid Waste Divison of Vermont's Agency of Environmental Conservation (on behalf of the Association of State and Territorial Solid Waste Management Officials, ASTSWMO), echoed the concern about delayed permitting, adding that many existing hazardous waste facilities would continue to operate under RCRA's interim status, a situation that would benefit industry while hindering a State enforcement agency. (Transcript, pp. 91-92)

Robert Collom was not able to estimate the dollar value to industry of dealyed permitting, but he observed that since industry cannot afford to risk such delay, industry will choose not to build in that State, resulting in potential loss of jobs and tax revenues to the jurisdiction. (Transcript, p. 98)

2. Reverse delegation.

For the last two years, State environmental officials have contended that, if Federal program management aid is significantly reduced, many would be forced to not seek program delegation or to return certain program responsibilities that EPA has delegated. State officials point out that such reverse delegation would be contrary to the thrust of the national environmental laws and the Federal-State partnership inherent in those laws. So far, reverse delegation has occurred in Idaho, which temporarily gave up its air quality program (Statement of Robert Collom, p. 3), and Iowa, which reverse-delegated the drinking water program. Wyoming declined to seek delegation for hazardous waste activities.

According to witnesses on February 16, reverse delegation continues to be a serious threat, if the proposed aid cutbacks are approved, but has not materialized any further so far.

Sandra Gardebring said that, if a 56 percent cut in water quality programs is effected, Minnesota could not continue National Pollutant Discharge Elimination System (NPDES) delegation. (Transcript, p. 38) Robert Collom of the State of Georgia said reverse delegation would depend greatly on State politics. In his estimation, however, the Prevention of Significant Deterioration (PSD) program would be the first program returned to EPA, since many States contend that the program is too complex administratively and yields little or no public health benefit. (Transcript, p. 97) If reverse delegation of PSD occurred, he said, the general public would lose out, since increments of good air quality would be used up or given away faster than necessary. (Transcript, p. 98)

To the extent that reverse delegation does occur, it places resource burdens on EPA, which must assume the permitting, monitoring, and enforcement activities no longer managed by States. EPA's ability to carry out additional State efforts, in view of its own budgetary cutbacks, is doubtful.

Besides the possibility of reverse delegation, State officials said it is unlikely they could assume new program responsibilities, such as primary management of industrial pretreatment or resource-intensive air emission bubbling and trading programs. (Statement of Thomas Eichler, p. 2; statement of Robert Collom, p. 4)

3. Setting priorities.

The reverse of asking which activities States would be likely to cut, as a result of reduced Federal aid, is to ask which ones they would assign priority to, in the face of reduced aid. In view of reduced Federal aid, the continuing national recession, and reduced State revenues and expenditures, witnesses said States confront choices about funding environmental versus non-environmental activities, and within environmental programs, funding certain media efforts versus others.

Sandra Gardebring of the Minnesota Pollution Control Agency pointed out that environmental programs will be pitted against a State's other urgent needs, such as supporting truly needy citizens. (Transcript. p. 22) Robert Collom of the State of Georgia added that State legislatures, looking at competing needs, probably would continue to fund activities having a direct public health benefit, such as keeping hospitals open, rather than activites with less direct or obvious benefit, such as air pollution control programs. (Transcript, pp. 74-75)

The priorities for one environmental program versus another would vary among the States, according to two witnesses. Richard Valentinetti, on behalf of State waste management programs, said that based on experience when Federal solid waste activity grants were eliminated in FY 1981, States re-directed their own waste management efforts, in order to obtain matching Federal funds. (Statement, p. 5)

A different view was expressed by Sandra Gardebring. In setting priorities, she said Minnesota would focus on its hazardous waste program and, to some extent, where the State gets no Federal funds, including certain acid rain and solid waste activities. (Transcript, p. 26)

4. How much money is enough?

While opposing the Administration's proposed cutbacks, State witnesses had more difficulty indicating what level of Federal funding is actually required to operate State programs. However, Richard Carlson of the State of Illinois said that the current rough proportion of Federal to State funds (approximately 50-50) is "reasonable." (Statement, p. 4)

Sandra Gardebring said that, for the relatively mature air and water quality programs, current levels of Federal funding are adequate, while more funding should be provided for State hazardous waste and drinking water activities, because of increasing Federal requirements in these areas. (Transcript, pp. 45-46) She focused on the hazardous waste program in other comments.

> Right now we are faced with the resource-intensive task of permitting State facilities without having the resources to do it adequately. Even on the basis of existing funding, we would only be able to review these permits once every 12 years, and as for monitoring for compliance, we would only be able to do the kind of in-depth inspections that these kinds of facilities require perhaps every 10 to 15 years. (Transcript, p. 25)

Richard Valentinetti, on behalf of ASTSWMO, said that his organization estimates that State hazardous waste programs need $60 million in FY 1984 and $80 million in FY 1985. He acknowledged that those amounts are "politically unrealistic." Thus, his group instead is seeking current level funding in FY 1984 -- $44 million. (Transcript, p. 90)

B. General Effects

Witnesses noted several general effects likely to result from the Administration's proposed 26 percent reduction in State management grants, including impaired program credibility, threats to the Federal-State partnership, and adverse effects on nationally consistent environmental programs.

1. Program credibility.

One witness, Robert Collom of the State of Georgia, estimated that personnel represent 80 to 90 percent of State program budgets. Thus, reduced financial support for a program is quickly translated into fewer personnel. (Transcript, p. 76) Richard Carlson of the State of Illinois explained the implications of this effect. "Reductions in field staff will quickly reduce a State's ability to maintain a credible enforcement and compliance program....Compliance is the ultimate objective of every program." (Statement, p. 5)

Carlson added that, if source inspections do not occur, "people don't take the environmental protection program as seriously as they might. That lack of credibility, it seems to me, cuts to the heart of our ability to protect the environment." (Transcript, pp. 29-30)

Sandra Gardebring of the Minnesota Pollution Control Agency also discussed this issue. The result of Federal grant cutbacks, she said, would be that fewer personnel would be available for field work, to conduct facility compliance inspections. As a consequence, industry would be likely to relax pollution abatement efforts. Control equipment would not be maintained as frequently and vigorously. (Transcript, p. 39)

2. The Federal-State partnership.

Several witnesses commented that proposed grant reductions would disrupt the Federal-State partnership for carrying out the Nation's environmental programs. According to Richard Carlson of the State of Illinois, these programs today consist of a mix of Federal and State requirements, difficult, perhaps impossible, to untangle. Both levels of government, he said, have a continuing responsibility to fund the resulting set of activities. (Statement, p. 3) States, he said, "are, in effect, administrative outposts of the USEPA." (Transcript, p. 33)

To the States, the partnership means a relationship in which, according to Sandra Gardebring, "the federal government has mandated certain activities and provides support to the States for the development and implementation of plans for carrying out these activities." (Statement, p. 2) The Administration's budget proposal, she said, represents "unilateral and inappropriate action" to change the terms of the partnership: by continuing the mandates but discontinuing financial support. (Transcript, p. 22)

3. National consistency.

Richard Carlson argued that the Federal-State partnership, including national standards and Federal oversight, encourages consistency among State programs and guards against regulatory differences between States that might result in interstate competition and inequity.

> I think in the absence of a strong Federal presence financially as well as programatically you would find a very strong impulse to saying you can shave a little bit here and there wherever you

> can attract industry, let them pollute the stream a little bit more, relax an emission control here or do that kind of thing.
>
> I don't think that is very healthy for the environment. (Transcript, p. 66)

Furthermore, he said, financial aid enables the Federal Government to "leverage" States into achieving national goals of consistency and environmental quality. "Reductions in financial support also mean reductions in federal influence over state programs." (Statement, p. 3)

II. REGULATORY REFORM, PROGRAM MATURITY, AND OTHER JUSTIFICATIONS FOR REDUCED FEDERAL AID

The Administration contends that reduced grants to States can be justified on several grounds, including regulatory reform at the Federal level, greater use of State permit fee systems, interfund transfers, State management efficiencies, and maturity of certain of the national programs. Witnesses disputed all of these justifications.

A. Federal Regulatory Reform

State environmental program officials in the past have complained of excessive Federal oversight and administrative requirements. Witnesses stated that, so far, there has been little demonstration of Federal regulatory reform to simplify State management. In reality, States are experiencing increased regulatory requirements, according to Sandra Gardebring of the Minnesota Pollution Control Agency. She cited three examples. (Transcript, pp. 40-42)

— EPA's revised water quality standards rules, proposed in October 1982 and intended to give States more flexibility, "will require more of our water staff to meet EPA requirements and is going to tie up the State administering process.

— EPA has reversed its policy on reviewing advanced wastewater treatment (AWT) projects. The result, she said, is that more municipal sewage treatment projects will require site-specific field work by States than previously was the case.

— EPA has made it difficult for States to demonstrate that their hazardous waste programs are "substantially equivalent" to the Federal program, the finding required for a State to obtain final authorization (and permitting authority) under RCRA.

Robert Collom supported those views on behalf of STAPPA. In the air quality field, he said, EPA has refined its review of State Implementation Plans (SIPs). This saves money for EPA, he pointed out, but not for the States, which face the same requirements for planning, information gathering, and SIP preparation. (Transcript, p. 78)

B. Permit Fee Systems

Environmental protection is one of many areas in which the Administration is encouraging user fees or permit fees to support necessary governmental services. Several witnesses commented on the permit fee issue.

First, several (including Robert Collom of the State of Georgia and Thomas Eichler of the State of Delaware) agreed that fees have long-term potential. Yet, while some States impose fees for certain activites (NPD_S permitting or PSD permitting), fee systems are not used widely enough or extensively enough to benefit the States in FY 1984.

Second, witnesses said that in most States permit fee revenues are not targetted for the environmental program. Rather, those revenues are deposited in the State's general fund. (A 1982 survey by the National Governors' Association pointed out that some States have purposely done this, to avoid conflict between State regulators and those who are regulated.)

Third, in States where permit fees are targetted to a program, the amounts are modest and are intended to fill the gap between State appropriations, Federal support, and operating needs. Thomas Eichler said the State of Delaware's proposed NPDES permit fee will produce less than 10 percent of water program budget needs. To make up the 56 percent reduction in Federal grants, he said, Delaware's proposed fee schedule would have to be increased at least 150 percent. (Statement, pp. 4-5)

Richard Carlson made a similar point, saying that the permit system considered in the State of Illinois could only recover $1 million in a $25 million program budget. (Transcript, p. 65) Furthermore, he addressed one of the most difficult aspects of implementing a fee system: "We have yet to see a permit system that is sellable in the State of Illinois that would make up 60 percent of our current budget" which the Federal Government now provides. (Transcript, p. 29)

C. Interfund Transfer

Thomas Eichler took issue with the Administration's contention that, despite reduced funding under section 106 of the Clean Water Act, other CWA monies are available to States to perform water quality activites.

Administration representatives have pointed to monies available under subsections 205(g) and 205(j) to replace reduced section 106 monies. Both of these are set-asides under the Act's construction grants program, and to use them for other water quality activites in turn reduces their utility for States to manage portions of that construction program.

Eichler emphasized that because of restrictions and limited flexibility, there can be no one-for-one substitution of these monies. (Statement, pp. 3-4) Many States have used all available section 205(g) money for the construction program, he said. Others have committed portions of those funds to replace section 106 funding reduced in previous years.

Concerning section 205(j) funds, Eichler pointed out that those monies were intended to support areawide and nonpoint source planning activities. Eligibility is limited, he said, and does not include toxics permitting, compliance, and enforcement — key aspects of a State's water quality program now assisted by section 106 grants.

As a practical matter, he said, only 10 States have received section 205(j) money, and in those States there has been great competition between State, regional, and local agencies to use the funds. (Statement, pp. 3-4)

D. Greater State Efficiency

State witnesses argued that, in the past two to three years, they already have become "quite efficient and incredibly lean." (Statement of Thomas Eichler, p. 5) This has occurred, they said, because States sought and received greater program responsibility from the Federal Government, while simultaneously absorbing the inflationary impacts of constant or decreased Federal support.

Can States effect greater management efficiency? Richard Carlson said that the State of Illinois' environmental program "probably could shrink a little bit more and still have a credible program." (Transcript, p. 48) What troubles him, he said, is that he sees no particular relationship between the proposed amount of Federal cutbacks and the increasing environmental activities at State levels. (Ibid.)

Robert Collom of the Georgia air protection program said that Administration suggestions for savings — such as reduced monitoring, particularly of small sources — have already occurred in many States, which have either shut down monitors or put them on a once-per-year schedule. (Transcript, p. 96) Yet, it is monitoring which enables State officials to determine program success, to answer basic questions, as Richard Carlson pointed out, "about where is the pollution, who is generating it, who is being harmed." (Transcript, p. 30)

E. Maturity of the Air and Water Programs

The Administration contends that the national air and water pollution programs, in existence in their current forms for over a decade, have reached a level of maturity that justifies reduced Federal support for State implementation efforts. State witnesses did not fully agree. Richard Carlson said, "Far from stabilizing, each of the media programs is under significant pressure for change, as the country deals with the challenge of toxic chemical pollution." (Statement, p. 6)

True, witnesses said, the air and water programs are more established than hazardous waste, for example. What that means, said Robert Collom, speaking on behalf of STAPPA, is that the "easy" control jobs have been accomplished, while more complex issues remain, such as nonattainment of national ambient air quality standards. (Statement, p. 5) Other new issues States must deal with, he said, include acid rain, toxic and hazardous air pollutants, several new source performance standards, plus an ambient standard for fine particles, expected to be issued by EPA soon. Extensive monitoring will be required for that standard, he said, because little baseline data exists. (Transcript, p. 96)

Similar new issues confront water quality program officials. Conventional pollutant problems are being controlled, or sources are on implementation schedules now. According to Thomas Eichler, States must deal with more difficult and complex toxic pollutant problems. In addition, he pointed out that there is a "second generation" need to insure proper operation and maintenance of municipal sewage treatment plants, which represent nearly a $40 billion national investment. (Statement, p. 3)

III. OTHER BUDGET ISSUES

Several witnesses commented on other EPA budget issues which may affect States. One, in particular, was the importance of research and development (R&D) efforts. Richard Carlson of the Illinois EPA pointed out that, within the Federal-State partnership, EPA "is better situated to manage a centralized research effort that provides the technical basis for regulation." (Statement, p. 2)

Richard Valentinelli on behalf of ASTSWMO criticized the proposed 20 percent reduction in hazardous waste R&D. He also urged greater R&D activity concerning laboratory and field test methods and procedures in order to formulate RCRA quality assurance standards. "Without an effective Federal research program, a national comprehensive research and development for hazardous waste management will not occur. The States cannot afford to finance and to coordinate activities important to national standards." (Statement, p. 6)

Similarly, witnesses urged Congress to fund technical assistance to States. Robert Collom of the air program administrators, said that States will need technical assistance from EPA regarding new inspection procedures and other efforts to operate programs more efficiently. (Transcript, p. 97)

ATTACHMENT

LIST OF WITNESSES

Lucille Maurer, Maryland House of Delegates

Sandra Gardebring, Director, Minnesota Pollution Control Agency

Richard Carlson, Director, Illinois Environmental Protection Agency

Robert Collom, Chief, Air Protection Branch, Georgia Environmental Protection Division, on behalf of the Association of State and Territorial Air Pollution Program Administrators

Thomas Eichler, Director, Environmental Quality Division, State of Delaware, on behalf of the Association of State and Interstate Water Pollution Control Administrators

Richard Valentinetti, Director, Air and Solid Waste Division, Agency of Environmental Conservation, State of Vermont, on behalf of the Association of State and Territorial Solid Waste Management Officials

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Earl S. Mackey

TESTIMONY

OF

DELEGATE LUCILLE MAURER

FOR THE MARYLAND HOUSE OF DELEGATES

AND THE

NATIONAL CONFERENCE OF STATE LEGISLATURES

ON THE

"STATE FISCAL CONDITIONS ENTERING 1983"

9:00 A.M.
4200 DIRKSEN SENATE OFFICE BULIDING
FEBRUARY 16, 1983

SUBCOMMITTEE ON TOXIC SUBSTANCES & ENVIRIONMENTAL OVERSIGHT
SENATE COMMITTEE ON ENVIRONMENT & PUBLIC WORKS

Mr. Chairman, Members of the Subcommittee, my name is Lucille Maurer and I am a member of the Maryland House of Delegates where I serve as a member of the Ways and Means Committee and as the Chairperson of the Joint Commission on Intergovernmental Cooperation. I am pleased to testify today on behalf of both the Maryland House of Delegates and the National Conference of State Legislatures of which I have been an active member for many years.

As the official representative of the Nation's 7500 state lawmakers, NCSL strives to provide state legislatures with a strong voice in the federal decision-making process. Through its committee on Natural Resources and Environment, NCSL has on numerous occasions called for a strong federal commitment to the establishment and enforcement of minimum federal environmental standards and for the continuance of federal assistance to states to carry out federally conceived environmental programs.

I would like to thank you for providing me and NCSL with yet another opportunity to express our views. My specific purpose today is to provide members of the subcommittee with an overview of state fiscal conditions as we enter 1983. My fellow witnesses will then speak to the ability of states to continue strong environmental programs in light of these fiscal conditions and the President's recommended FY 1984 budget cuts. Together we hope to impress upon this subcommittee the need for continued federal assistance, guidance and oversight for environmental

PROGRAMS.

TO BEGIN, LET ME EMPHASIZE THAT THE FISCAL CONDITION OF THE MAJORITY OF STATES HAS CHANGED DRAMATICALLY OVER THE PAST FEW YEARS AND IS, AT PRESENT, EXTREMELY BLEAK IN ALL REGIONS OF THE COUNTRY. THE RESULTS OF A JANUARY 1983 SURVEY COMPLETED BY THE NATIONAL CONFERENCE OF STATE LEGISLATURES CONFIRM THE GLOOMY PROGNOSIS OF A SURVEY BY THE NATIONAL GOVERNORS' ASSOCIATION AND THE NATIONAL ASSOCIATION OF STATE BUDGET OFFICERS COMPILED IN DECEMBER 1982. A COMPLETE COPY OF THE SURVEY IS ATTACHED. CONDITIONS ARE CONSIDERABLY WORSE, HOWEVER, THAN THE EARLIER SURVEY REPORTED.

DURING THE PAST FIVE YEARS, THERE HAVE ALWAYS BEEN AT LEAST A HALF DOZEN STATES WITH LARGE BALANCES OF 10 PERCENT OR MORE, BUT THAT IS NOT TRUE AT THE PRESENT TIME. ONLY WYOMING REPORTS A BALANCE OF THAT MAGNITUDE. THE MAIN REASON FOR THE ABSENCE OF STATES WITH LARGE BALANCES IS THE DOWNTURN IN THE OIL INDUSTRY. LAST YEAR IN JANUARY FIVE OF THE SEVEN STATES PROJECTING BALANCES OVER 10 PERCENT WERE AMONG THE MAJOR OIL PRODUCING STATES.

A SIGNIFICANT INDICATOR OF BUDGET PROBLEMS IS THAT 31 STATES NOW EXPECT TO CONCLUDE THEIR CURRENT FISCAL YEARS WITH A BALANCE OF 1% OR LESS OF THEIR ANNUAL GENERAL FUND EXPENDITURES; 19 OF THESE STATES ARE ANTICIPATING DEFICITS. EIGHT OTHER STATES FORECAST BALANCES BETWEEN 1% AND 3% SPENDING AND FIVE STATES ANTICIPATE BALANCES OF 3% TO 5%, FOR A TOTAL OF 44 STATES WITH BALANCES BELOW 5%. THE AGGREGATE DEFICIT OF ALL STATES COULD TOTAL APPROXIMATELY $2 BILLION.

STATES HAVE GENERALLY VIEWED A 5% BALANCE AS A PRUDENT LEVEL TO MAINTAIN. ONE REASON TO PLAN FOR SUCH A BALANCE IS TO GUARD AGAINST UNEXPECTED DECREASES OF REVENUE OF EMERGENCIES REQUIRING UNFORESEEN SPENDING. ADDITIONALLY, STATES MUST ALLOW FOR VARIATIONS IN CASH FLOW DURING THE YEAR.

BECAUSE NEARLY EVERY STATE IS REQUIRED BY CONSTITUTIONAL PROVISION OR BY STATUTE TO MAINTAIN A BALANCE BUDGET, STATE GOVERNMENTS GENERALLY ADOPT SOME COMBINATION OF SPENDING REDUCTIONS AND TAX INCREASES TO ELIMINATE THEIR PROSPECTIVE DEFICITS AND BUILD UP BALANCES TO MEET CASH FLOW AND CONTINGENCY NEEDS. THUS THE ACTUAL NUMBER OF STATES ENDING THE FISCAL YEAR WITH VERY SMALL BALANCES WILL BE LOWER THAN SURVEYS NOW INDICATE.

LAST YEAR MOST STATES DEALT WITH THEIR BUDGET PROBLEMS BY HOLDING THE LINE ON SPENDING AND BY MAKING MINOR ADJUSTMENTS IN THEIR TAXES. THIRTY-FIVE STATES HAVE ALREADY REDUCED SPENDING BELOW THE LEVEL SET WHEN THE 1983 BUDGET WAS ADOPTED. MOST OF THESE REDUCTIONS WERE CONSIDERED NECESSARY TO AVOID DEFICITS, ALTHOUGH IN SOME INSTANCES THESE ACTIONS WERE TAKEN TO PREVENT BALANCES FROM FALLING TO AN UNDESIRABLY LOW LEVEL.

MOST REDUCTIONS WERE ON AN ACROSS-THE-BOARD BASIS, WITH EXEMPTIONS FOR WELFARE, MEDICAID, AID TO LOCAL GOVERNMENTS INCLUDING PUBLIC SCHOOLS, AND CERTAIN OTHER PROGRAMS. IN MANY STATES, HOWEVER, AID TO LOCAL GOVERNMENTS HAS BEEN REDUCED BELOW THE AMOUNT BUDGETED, ALTHOUGH AID WAS OFTEN CUT BY A SMALLER PERCENTAGE THAN FUNDS FOR STATE AGENCIES. IN A FEW

STATES, EVEN INCOME MAINTENANCE PROGRAMS HAVE BEEN REDUCED. IN MARYLAND FOR EXAMPLE, WE WERE FORCED TO CUT 1.5% OF $10 MILLION ACROSS-THE-BAORD IN AGENCY BUDGETS, WITH ONLY THE DEPARTMENTS OF PUBLIC SAFETY AND CORRECTIONS EXEMPTED. IN COLORADO, FY 1982 CUTS INCLUDED A 1% ACROSS-THE-BOARD REDUCTION. IN FY 1983 A 3.2% ACROSS-THE-BOARD CUT TO SAVE $30 MILLION STILL LEAVES A SHORTFALL OF $102 MILLION. SINCE FY 1982, MINNESOTA HAS CUT $595 MILLION AND IS STILL SADDLED WITH A SHORTFALL OF $500 MILLION. NEW HAMPSHIRE HAS REDUCED PERSONAL SERVICES BY 10% IN BOTH FY 82 AND FY 83 IN ADDITION TO A 4% ACORSS-THE-BOARD CUT. AND NORTH DAKOTA IN 1981, CUT AGENCY BUDGETS BY $26.7 MILLION WHICH WAS ALSO APPLIED IN FY 83.

THESE SPENDING REDUCTIONS ARE OCCURING ON BUDGETS WHICH WERE FAIRLY LEAN WHEN ORIGINALLY PASSED. TO DATE STATES HAVE BEEN ABLE TO MAKE ENDS MEET BY INSTITUTING TAX INCREASES, ACCELERATING TAX PAYMENTS, POSTPONING PAYMENTS, MAKING INTERFUND TRANSFERS, AND RAISING SHORT TERM DEBT.

TAX INCREASES. FROM JULY TO LATE NOVEMBER, THE ONLY RESPONSE TO DISAPPOINTING REVENUE COLLECTIONS WAS TO REDUCE SPENDING. IN THE LAST SEVERAL WEEKS OF 1982, FIVE STATES WENT INTO SPECIAL SESSION AND INCREASED THEIR SALES AND/OR INCOME TAXES.

- MINNESOTA RAISED ITS SALES TAX FROM 5 PERCENT TO 6 PERCENT AND ADDED A 3 PERCENT SURTAX ON AN ALREADY EXISTING SURTAX OF 3.5 PERCENT. BOTH ACTIONS EXPIRE ON JUNE 30, 1983.

- INDIANA RAISED ITS SALES TAX FROM 4 PERCENT TO 5 PERCENT

AND ALSO INCREASED ITS INCOME TAX. BOTH ACTIONS ARE PERMANENT.

- NEW JERSEY RAISED ITS SALES TAX FROM 5 PERCENT TO 6 PERCENT AND INCREASED THE INCOME TAX RATE FOR RETURNS OVER $50,000. BOTH ACTIONS ARE PERMANENT.

- MISSISSIPPI TEMPORARILY RAISED ITS SALES TAX FROM 5 PERCENT TO 5.5 PERCENT EFFECTIVE IN 1984 AND INCREASED ITS INCOME TAX BEGINNING IN 1983.

- NEBRASKA INCREASED ITS INCOME TAX FROM 17 PERCENT TO 18 PERCENT OF FEDERAL INCOME TAX LIABILITY.

MANY ACTIONS TAKEN BY STATES DURING 1982 WERE IN THE NATURE OF STOP-GAP MEASURES: THEY HELPED TO BALANCE THE FY 1983 BUDGET BUT OFTEN LEFT UNRESOLVED PROBLEMS FOR FY 1984. EXAMPLES INCLUDE ACCELERATION OF TAX PAYMENTS, POSTPONEMENT OF EXPENDITURES, INTERFUND TRANSFERS, AND ISSURANCE OF SHORT TERM DEBT.

ACCELERATION OF TAX PAYMENTS. SEVENTEEN STATES SPEEDED UP TAX COLLECTIONS, PROVIDING THEM WITH A ONE-TIME WINDFALL. FOR EXAMPLE, MISSOURI IS NOW COLLECTING INCOME WITHHOLDING FROM LARGE FIRMS ON A WEEKLY BASIS RATHER THAN MONTHLY, NETING THE STATE AN ADDITIONAL $34 MILLION THIS YEAR.

POSTPONEMENT OF PAYMENTS. EIGHTEEN STATES DEFERRED CERTAIN EXPENDITURES INTO THE NEXT FISCAL YEAR. FOR EXAMPLE, IN A SPECIAL SESSION INDIANA

POSTPONED OVER $250 MILLION IN PAYMENTS TO LOCAL GOVERNMENTS UNTIL FY 1984. MICHIGAN RECENTLY POSTPONED $500 MILLION OF AID PAYMENTS. OTHER STATES THAT DEFERRED EXPENDITURES INCLUDE CALIFORNIA, ILLINOIS, MINNESOTA, NEW JERSEY, AND WISCONSIN.

INTERFUND TRANSFERS. IN ORDER TO COPE WITH CASH FLOW PROBLEMS, AT LEAST 15 STATES BORROWED FROM POOLS OF MONEY OTHER THAN THE GENERAL FUND. ONE STATE TO DO THIS WAS WISCONSIN, WHICH TEMPORARILY BORROWED $200 MILLION AND MUST REPAY THIS LOAN WITH INTEREST. OTHER STATES INCLUDE ILLINOIS, MICHIGAN, NEBRASKA, OREGON, NEW YORK, AND UTAH. STATES THAT TRANSFERRED FUNDS DIRECTLY INTO THE GENERAL FUND AND ARE NOT OBLIGATED TO REPAY THE FUNDS INCLUDE CALIFORNIA, KENTUCKY, AND NEW HAMPSHIRE.

SHORT TERM DEBT. THIS PAST YEAR SEVERAL STATES BORROWED IN THE SHORT TERM CREDIT MARKET IN RESPONSE TO CASH SHORTAGES. IN JULY 1981, MINNESOTA LEGISLATORS RAISED THE SHORT TERM DEBT LIMIT FROM $100 MILLION TO $360 MILLION, AND IN JANUARY 1982 INCREASED THE LIMIT AGAIN TO $850 MILLION. THE FULL $850 MILLION MUST BE REPAID BY THE END OF JUNE 1983. NEW HAMPSHIRE ALSO RAISED ITS DEBT LIMIT FROM $40 MILLION TO $60 MILLION.

MICHIGAN, WHICH HAS BEEN PARTICULARLY HARD HIT AS A RESULT OF FOREIGN TRADE COMPETITION, OBTAINED A LOAN GUARANTEE FROM JAPANESE BANKERS SO THAT THE $500 MILLION BORROWED IN OCTOBER 1982 WOULD CARRY A LOWER INVESTMENT RISK AND REDUCE MICHIGAN'S INTEREST PAYMENTS.

CALIFORNIA, IDAHO, RHODE ISLAND, AND WASHINGTON WERE OTHER STATES THAT BORROWED UNUSUALLY LARGE AMOUNTS IN FY 1983 TO HELP PAY BILLS.

Another method which states have used to cut expenditures is to reduce the state workforce. This is of particular significance in the area of environmental programs, where the federal government is urging states to assume an increased amount of responsibilty through delegation of environmental programs.

After rising for 35 years, state workforces have been decreasing since mid- 1981, according to data collected by the Bureau of Labor Statistics. Twenty-eight of the states surveyed have reduced the level of their state workforce from 1981 to 1982. The largest decrease in 1981 occurred in Nevada, New Hampshire and Michigan, where employment declined 16%, 10% and 7.3% respectively.

In addition to cutting back employment levels, 21 states currently have a hiring freeze in effect. Other states effectively have an "informal" hiring freeze since budget cuts have deterred agencies from filling vacant positions.

Financially hard-pressed states also adopted more drastic measures to cut employee costs such as: reducing the hours worked during the work week; initiating mandatory furloughts or "payless vacation" days; and adopting a lagged payroll which lengthens each pay period until one entire payroll is deferred into the next fiscal period.

Perhaps the most important cause of state fiscal problems is the recession. On the revenue side, a recession reduces sales and thus income

TAX RECEIPTS, AND GENERALLY REDUCES THE LEVEL OF ECONOMIC ACTIVITY, THEREBY AFFECTING REVENUE FROM VARIOUS OTHER TAXES AND USER FEES. ON THE EXPENDITURE SIDE, A SERIOUS RECESSION INCREASES THE DEMAND FOR SOCIAL SERVICES AND OTHER INCOME SUPPORT PROGRAMS. TO ADDITIONAL FACTORS HAVE CONTRIBUTED TO STATES' PROBLEMS. ONE BEING THE LEGNCY OF THE STATE TAX CUTS ENACTED IN REACTION TO THE TAX REVOLT OF THE LATE 1970S, AND THE SECOND BEING THE DECLINE IN FEDERAL AID.

ALONG WITH THE RECESSION, THE UNEXPECTEDLY SHARP DROP OF THE INFLATION RATE HAS RESULTED IN MUCH LOWER REVENUES THAN WERE ANTICIPATED IN STATE BUDGETS. LOWER INFLATION HAS PARTICULARLY REDUCED SALES TAX COLLECTIONS. REVENUES FOR THE CURRENT FISCAL YEAR IS NOW EXPECTED TO BE AT LEAST $8 BILLION LOWER THAN PROJECTED LAST SPRING.

THE FORGOING DISCUSSION HAS FOCUSED PRIMARILY ON THE GENERAL FUND PORTIONS OF STATE BUDGETS, BUT IT SHOULD BE NOTED THAT RECESSION AND WEAK ECONOMIC GROWTH CREATE PROBLEMS FOR SPECIAL STATE FUNDS AS WELL. AN EXAMPLE IS THE UNEMPLOYMENT INSURANCE (UI) FUND. UNEMPLOYMENT FUNDS SUFFER BECAUSE UNEMPLOYMENT REDUCES REVENUES, WHICH ARE BASED ON WAGES, AND SIMULTANEOUSLY INCREASES EXPENDITURES FOR BENEFITS. RESULTING DEFICITS REQUIRE BORROWING, WHICH PLACES NEW PRESSURE ON THE GENERAL FUND AS STATES INCUR INTEREST COST TO CLOSE THE UI FUND GAP. THE UI FUNDS IN 23 STATES WERE IN DEFICIT AT THE END OF 1982.

THERE IS NO QUESTION THAT A REDUCTION IN REAL ECONOMIC GROWTH AT THE NATIONAL LEVEL OR AN INCREASE IN THE NATIONAL UNEMPLOYMENT RATE WILL LEAD TO AN AGGREGATE DECREASE IN STATE REVENUES, AN INCREASE IN OUTLAYS, AND THEREFORE A WORSENING STATE FISCAL SITUATION. PRELIMINARY DATA FOR 1983 SUGGEST THAT A ONE-PERCENTAGE POINT DECREASE IN THE REAL GNP GROWTH RATE RESULTS IN APPROXIMATELY $900 MILLION LESS STATE REVENUE PER YEAR. A ONE-PERCENTAGE POINT INCREASE IN UNEMPLOYMENT WILL RESULT IN APPROXIMATELY $2 BILLION LESS STATE REVENUE.

STATES ARE CURRENTLY OPERATING UNDER BUDGETS ADOPTED LAST WINTER OR EARLY IN THE SPRING. THE ADMINISTRATION'S BUDGET RELEASED ONE YEAR AGO FORECAST CALENDAR 1982 GNP GROWTH OF 3%. MOST STATES ADOPTED SIMILAR FORECASTS, AND NONE EXPECTED THE ACTUAL 1982 GNP DECLINE OF -1.2%, NOR A 1983 PREDICTION AS LOW AS THE CURRENT 3.1%. THE BUDGETS NOW BEING DEVELOPED IN THE STATES FOR FY 1984 COVER A PERIOD FOR WHICH THE ADMINISTRATION PROJECTS 4% GROWTH, WHICH IS BELOW AVERAGE FOR AN ECONOMIC RECOVERY. THE ADMINISTRATION ALSO PREDICTS UNEMPLOYMENT ABOVE 10% THROUGHOUT 1983 AND NEARLY 10% IN 1984.

THESE FACTORS, COMBINED WITH THE EXPERIENCE IN THE MID-1970S INDICATING THAT STATE REVENUE RECOVERY IS LIKELY TO LAG NATIONAL RECOVERY BY A YEAR OR MORE, SUGGEST THAT THE AGGREGATE STATE FISCAL CONDITION WILL REMAIN WEAK FOR THE FORESEEABLE FUTURE.

I WOULD BE REMISS IN CONCLUDING MY REMARKS WITHOUT MENTIONING THE ADDED BURDEN TO THE STATES OF DECREASING FEDERAL ASSISTANCE. THE ATTACHED ANALYSIS, THE PRESIDENT'S FY 1984 BUDGET: IMPACT ON THE STATES, PREPARED JOINTLY BY THE NATIONAL CONFERENCE OF STATE LEGISLATURES AND THE NATIONAL GOVERNORS' ASSOCIATION, POINTS OUT THAT FEDERAL SUPPORT FOR STATE AND LOCAL GRANT PROGRAMS AS A PERCENTAGE OF TOTAL FEDERAL SPENDING HAS FALLEN FROM

14.4% IN FY 1981 TO A PROJECTED 10.3% IN FY 1984 AND IS PROJECTED TO REACH 10.4% IN FY 1987. TO PUT IT ANOTHER WAY, THE PROPOSED FY 1984 OUTLAYS FOR STATE AND LOCAL GOVERNMENTS WOULD BE $5 BILLION BELOW THE AMOUNT NEEDED TO MAINTAIN CURRENT SERVICES IN FY 1984. THIS FIGURE DOES NOT ACCOUNT FOR MAJOR SPENDING REDUCTIONS PROPOSED IN MEDICAID, FOOD STAMPS, AND AID TO FAMILIES AND DEPENDENT CHILDREN.

I ONLY WISH TO POINT OUT TO THE SUBCOMMITTEE THAT STATES ARE CLEARLY IN A BIND. AS PREVIOUSLY NOTED, TAX INCREASES, ACROSS-THE-BOARD SPENDING CUTS, PERSONNEL REDUCTIONS AND THE LIKE HAVE ALREADY BEEN IMPOSED BY MOST STATES, AND YET LARGE FINANCIAL SHORTFALLS REMAIN. IT CERTAINLY APPEARS LIKELY THAT IN THE NEAR FUTURE, STATE LEGISLATURES WILL BE FORCED TO WEIGH ONE PROGRAM AGAINST ANOTHER IN AN EFFORT TO DETERMINE WHICH PROGRAMS SHOULD BE TERMINATED AND WHICH SHOULD BE CONTINUED. IN THIS CONTEXT ENVIRONMENTAL PROGRAMS MAY BE WEIGHTED AGAINST HUMAN SERVICE PROGRAMS, TRANSPORTATION PROGRAMS AND THE LIKE. WHILE I AM PLEASED TO POINT OUT THAT MARYLAND TO DATE HAS BEEN ABLE TO MAINTAIN ITS STANDING COMMITMENT TO ENVIRONMENTAL PROGRAMS, I CANNOT SAY THAT THE PROPOSED 25% CUTS IN ENVIRONMENTAL PROGRAMS WON'T HAVE AN IMPACT ON MARYLAND'S ABILITY TO CONTINUE THE SAME LEVEL OF EFFORT. WITHOUT QUESTION NATIONWIDE LARGE STATE INCREASES IN ENVIRONMENTAL SPENDING SEEM HIGHLY UNLIKELY.

IN CLOSING LET ME SAY THAT NCSL HAS BEEN A STRONG SUPPORTER OF FEDERAL ENVIRONMENTAL PROGRAMS AND BELIEVES THAT STATES SHOULD ASSUME THE PRIMARY ROLE FOR IMPLEMENTATING THESE PROGRAMS. HOWEVER, NCSL ALSO BELIEVES THAT STATE AND LOCAL GOVERNMENTS HAVE ABSORBED A DISPROPORTIONATE SHARE OF THE BUDGET CUTS AND THEREFORE ASSISTANCE TO STATE AND LOCAL GOVERNMENTS SHOULD BE MAINTAINED AT FY 1982 LEVELS UNTIL SUCH TIME AS THE FEDERAL BUDGET HAS BEEN REDUCED IN OTHER AREAS.

AGAIN, THANK YOU FOR THE OPPORTUNITY TO APPEAR ON BEHALF OF THE MARYLAND HOUSE OF DELEGATES AND NCSL. I WOULD BE PLEASED TO ANSWER ANY QUESTIONS.

STATE FISCAL CONDITIONS ENTERING 1983

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SUMMARY

Fiscal conditions are exceedingly grim in most states as legislators begin their 1983 sessions. This is the overwhelming message of a survey of legislative fiscal officers conducted in December 1982 and January 1983.

Principal findings of the survey include the following points:

- At the end of the current fiscal year, 19 states project deficits in their general funds and another 12 states anticipate having a year-end balance of 1 percent or less of their annual general fund spending. At the other extreme, only six states expect a balance of more than 5 percent, which has traditionally been regarded as the minimum prudent balance.
- Thirty-five states have reduced their spending for the current fiscal year below the level in their original budgets for Fiscal Year 1983.
- The reason for these cutbacks is a plague of revenue shortfalls that has afflicted nearly every state. As the recession has persisted much longer than expected, all but three states have seen their tax revenue flow in more slowly than anticipated in their budgets.
- As a result of amendments to budgets adopted in most states, the median increases of revenues and expenditures are 5.5 percent and 6.4 percent respectively. This is less than the inflation rate for the goods and services which states purchase.
- Total state employment has been decreasing since mid-1981. During the past year there has been a decrease in the number of state workers in 28 states.
- All regions of the country have been affected by fiscal miseries. At least two states in each of the nation's eight regions anticipate ending fiscal year 1983 with a deficit unless present policies are changed.

While the budget problems of the states are similar in 1983 to those of 1982, the outlook is that the policies adopted in many states will differ. Tax increases are likely to play a much larger role in budget adjustments than they have in many years. Meeting in special sessions during the last few weeks of 1982, five states raised either their personal income or general sales tax or both. This is probably a harbinger of things to come.

If the states do resort to general tax increases in 1983, it will represent a major policy shift for most of them. Between fiscal years 1978 and 1982 state taxes fell as a percentage of personal income in 44 states. The national average of state taxes in relation to personal income decreased from 7 percent to 6.5 percent during those four years.

In addition to the widespread tax cuts adopted in the wake of the Tax Revolt of the late 1970s, the recession is the major source of state fiscal problems. The reduction of federal aid and the drop in the inflation rate (which lowered tax collections) also contributed to budget difficulties.

The results of the survey confirm the gloomy prognosis of a survey by the National Governors' Association and the National Association of State Budget Officers compiled in December. Conditions are considerably worse, however, than the earlier survey reported. For example, the number of states anticipating deficits is more than twice as great.

All states will adopt some combination of spending reductions and tax increases to eliminate or reduce their prospective deficits, so the actual number of states ending the fiscal year with deficits will certainly be less than the survey indicates.

Although it was not the focus of the survey, the outlook for fiscal 1984 budgets is also very bleak. Unless the national economy recovers strongly, balancing state budgets will continue to be difficult.

Any report on state fiscal conditions today will have a familiar ring. One year ago an NCSL report began this way: "With their revenues buffeted by the national recession, the majority of states entered 1982 either in deficit or teetering on the brink of deficit."[1] In July, summarizing state budget actions, another report stated, "State legislatures met this year amidst perhaps the worst fiscal conditions in forty years... Fiscal conditions are bleak in most states."[2]

Each of these statements made in 1982 is just as true today but there are two important differences now. First, state fiscal conditions have seriously deteriorated since mid-1982. Second, while most states are still teetering on the brink of deficits, 1983 will not be a re-run of 1982 because the policies adopted are likely to differ. Indications are that in 1983 raising taxes will play a much larger part in solving budget problems than was true in 1982.

Last year most states dealt with their budget problems by holding the line on spending and making minor adjustments in their taxes. During the regular legislative sessions held in the first half of 1982, only nine states raised either their personal income or general sales tax.[3] Budgets were constructed on the assumption that an economic recovery beginning during the late summer would boost revenues and keep budgets in the black. When the recession not only continued but intensified as the year progressed, many state budgets were thrown out of balance.

Virtually every state is required to balance its budget annually. Because of revenue shortfalls two-thirds of the states--an unprecendented number--have already reduced their spending for this fiscal year below the level originally enacted. In many states, however, further spending reductions or tax increases are needed to avoid deficits for the current fiscal year. In addition, legislatures will be wrestling with imbalances in their fiscal year 1984 budgets (for the period beginning July 1) because of the continuing weak economy.

WHAT THE SURVEY RESULTS MEAN

This report describes the fiscal position of the states as of early January, 1983. It is based on results of a survey of legislative fiscal officers conducted in December 1982 and January 1982. In most states the information reflects projections which have been revised within the past few weeks in preparation for the coming legislative sessions. Many states are understandably unwilling to provide updated estimates to NCSL before they have been released to the public at large.

The survey dealt primarily with general fund spending and revenue, which does not include certain special funds, such as for highways in most states. The general fund accounts for the majority of total spending in nearly all states, and it is the focus of most attention in budget deliberations. In some instances, states earmark a large portion of tax revenues for specific purposes. For example, Alabama and Utah have separate school funds; for purposes of this report, these funds have been added to the general fund. A number of states, particularly those with extensive energy industries, dedicate a portion of their tax revenue collected from those industries to trust funds. Federal aid is generally not included in the general fund, so it is not reflected here.

In recent years 22 states have created continengency funds or "rainy day funds". These funds receive revenue in "good years" which can be used to help finance services in years when revenue collections are less than normal. This year's survey, unlike previous ones, includes revenue in these funds as part of the balances available to states. To omit them would understate the resources available.

A key indicator of fiscal conditions is how large a state's year-end balance is in relation to its total spending during a year. In the past, states generally viewed a 5 percent balance as a prudent level to maintain. One reason to keep such a large balance is to guard against unexpected decreases of revenue or emergencies requiring increased spending. Additionally, states must allow for variations in cash flow during the year. Revenue flows in at a greater pace during the second half of the fiscal year (January to June) than during the first half, but spending occurs relatively evenly throughout the year. Therefore, the balance at the start of the fiscal year (July 1 for 46 states) is considerably higher than the average throughout the year. The need for a 5 percent balance may be less than it was in the past because states have adopted more sophisticated cash management practices, but balances of 1 percent or less definitely cause serious problems.

States with projected deficits or small surpluses will undoubtedly take action during their 1983 legislative sessions to adjust revenues and spending. As a result, the actual balances in these states at the end of fiscal year 1983 may be larger than this survey indicates. For example, last year's NCSL January survey indicated that 30 states faced deficits or anticipated year-end balances of one percent or less of general fund spending, but by the end of the fiscal year only 19 states had deficits or such small balances.[4]

MAJOR RESULTS OF SURVEY

As noted above, the prospective year-end balance is a very important indicator of state fiscal conditions. However, it is susceptible to misinterpretation if viewed in isolation. For example, some states in the last two months of 1982 enacted major increases of sales and income tax rates. The year-end balance in these states is now expected to be positive, although large forecasted deficits had prompted the tax increases. Therefore, this survey considers not only the year-end balance, but four other indicators as well--the actions already taken to deal with budget problems, the growth rates of spending and revenues, the frequency of shortfalls below anticipated revenues, and changes in state employment levels.

Balances: Surplus or Deficit

A very significant indicator of budget problems is that 31 states expect to conclude FY 1983 with a balance of one percent or less or their annual spending, including 19 states which at this time anticipate deficits. Eight other states forecast balances between 1 and 3 percent of spending and 5 states anticipate balances of 3 to 5 percent, for a total of 44 states with balances below 5 percent.

Tables 1 and 2 report the prospective balances for 1983 in comparison with those for 1982. As Table 1 shows, in all but four cases 1983 surpluses are smaller than those that actually occurred in 1982. Table 2 compares the 1983 projections with similar forecasts reported by NCSL in January 1982. The 19 states projecting a deficit now are a considerably greater number than the 13 making that projection a year ago.

Table 1

YEAR-END GENERAL FUND BALANCES AS A PERCENTAGE
OF GENERAL FUND SPENDING
FY1982 and FY1983

	Actual FY82	Projected FY83
NEW ENGLAND		
Connecticut	-1.3%	-1.9%
Maine	2.9	.0
Massachusetts	.0	0.7
New Hampshire	-10.9	-5.4
Rhode Island	.4	-4.0
Vermont	.0	-2.5
MIDEAST		
Delaware	7.9*	5.3*
Maryland	5.4*	1.0*
New Jersey	2.0	1.1
New York	1.5*	-3.3
Pennsylvania	.0	-2.2
GREAT LAKES		
Illinois	2.2	.0
Indiana	.0	2.7
Michigan	-1.5	-13.8
Ohio	1.0	0.9
Wisconsin	2.1	-7.7
PLAINS		
Iowa	1.0	-4.0
Kansas	6.9	6.4
Minnesota	-13.3	-0.2
Missouri	3.2	3.3
Nebraska	0.4	2.5
North Dakota	25.0	2.3
South Dakota	7.3	2.4
SOUTHEAST		
Alabama	1.4%	.0%
Arkansas	5.2*	4.9*
Florida	5.4*	.0*
Georgia	1.4*	0.5*
Kentucky	2.1	.6*
Louisiana	6.3	-3.5
Mississippi	2.9*	.3*
North Carolina	3.3	.0
South Carolina	4.2*	1.6*
Tennessee	2.4*	1.1*
Virginia	6.7*	-3.5*
West Virginia	6.3	1.4
SOUTHWEST		
Arizona	0.5	-11.9*
New Mexico	18.2*	-3.2*
Oklahoma	17.4*	4.4*
Texas	13.6	9.4
ROCKY MOUNTAIN		
Colorado	1.0	-6.1
Idaho	.0	-16.1
Montana	9.9	4.2
Utah	3.0	-0.6
Wyoming	52.0	11.0
FAR WEST		
California	0.5*	-4.5*
Nevada	12.5*	5.1*
Oregon[1]	.0	0.3
Washington[1]	.0	-2.1
Alaska	-7.1*	8.8*
Hawaii	17.1	3.7

* Includes contingency fund

[1] Figures compare changes in the FY 79-81 biennium budget period to the FY 81-83 budget period. Annual figures are not available.

NOTES FOR TABLE 1

Alabama	Figures shown combine the General Fund and the Education Fund. The FY83 General Fund revenue projections indicate a $6 million deficit, while the Education Fund shows a $25.1 million balance which will be prorated to $0 by the end of the fiscal year.
Alaska	The revenue and expenditures figures do not reflect reversions and changes to other funds that relate to the General Fund.
Arkansas	A $50 million working capital fund is included in the balance, but it is used solely for cash flow purposes.
California	The projected deficit estimates range from $1 billion to $1.8 billion.
Illinois	State officials require that a $200 million balance is necessary for cash flow purposes, so that the real shortfall is $200 million.
Maine	Projecting $1.2 million FY82 balance, but actual revenues are down by $4.5 million. Also, in November, 1982, the voters passed a personal income tax measure that is retroactive to tax years 1981 and 1982 which will cost the state $32 million in tax rebates. This initiative is likely to be amended by the legislature.
Minnesota	A deficit was allowed in FY 82 as long as the budget is balanced at the end of the biennium which is June 30, 1983.
Montana	FY82 revenues came in higher than originally anticipated, so FY83 revenues were revised upward. In January 1983, FY83 revenue estimates were revised downward.
Nebraska	FY82 closing balance and FY83 balance forward does not include $18.6 million of outstanding inter-fund borrowing.
New Jersey	Figures shown combine the General Fund and the Property Tax Relief Fund.
Ohio	Unofficial revenue estimates show the General Fund short $200 to 500 million.
Oklahoma	Due to unique budgeting methods, carryovers and balances may not be comparable to other states.
Oregon	Unofficial revenue estimates show the General Fund balance lower than indicated in this table.
Tennessee	Unofficial revenue estimates show the General Fund short $130-140 million. Monthly allotment holdbacks have already been initiated and savings to date total $42 million.
Texas	Figures shown combine the General Fund with other major state funds.
Utah	The Uniform School Fund is combined with the General Fund.

Table 2

PROJECTED YEAR END BALANCES,
FY 1982 AND FY 1983

Balance as a Proportion of Annual Appropriations	FY 1982 As Projected In January 1982	FY 1982 Actual	FY 1983 As Projected In Janaury 1983
Deficit	13	5	19
1 percent or less	17	14	12
1.1 to 3 percent	3	10	8
3.1 to 5 percent	6	4	5
More than 5 percent	11	17	6

Many more states would have been classified as expecting a deficit were it not for the budget cuts and tax increases which have already been implemented (described in Appendices A and B). Likewise, most or all of the states presently projecting a deficit will restore a balanced budget before the end of the fiscal year by raising revenue, reducing spending, or some combination of the two. Only five states finished 1982 with deficits, although 13 had projected one in the January survey by NCSL.

During the past five years, there have always been at least a half dozen states with large balances of 10 percent or more, but that is not true at the present time. Only Wyoming reports a balance of that magnitude. The main reason for the absence of states with large balances is the downturn in the oil industry. Last year in January five of the seven states projecting balances over 10 percent were among the major oil producing states.

Questions sometimes arise as to how it is possible for states to finish their fiscal years with deficits. In some states the balanced budget requirement applies only at the end of a biennial budget period, not at its midpoint. Elsewhere, states must adopt a balanced budget but are not forced to make adjustments if an unexpected deficit arises. In most states, however, the actual budget (not merely the enacted one) must be balanced at the end of each fiscal year.

Actions already taken

Revenue shortfalls have forced most states to amend the budgets they had initially enacted for FY 1983. Table 3 shows the percentages by which spending and revenues have been raised or lowered from the levels incorporated in the initial budgets. The great majority of changes are in a downward direction.

Table 3

PERCENTAGE CHANGE IN REVENUES AND APPROPRIATIONS DURING FISCAL YEAR 1983

	Revenues	Approp.
NEW ENGLAND		
Connecticut	-1.5	0.7
Maine	.0	.0
Massachusetts	.0	.0
New Hampshire	-6.1	-5.1
Rhode Island	-3.6	0.7
Vermont	-5.4	-2.8
MIDEAST		
Delaware	-4.4	-2.0
Maryland	-0.4	-0.7
New Jersey	2.5	.9
New York	-2.2	-.9
Pennsylvania	-2.3	.0
GREAT LAKES		
Illinois	-5.2	-2.7
Indiana	-12.8	-11.8
Michigan	-11.2	4.4
Ohio	-2.5	-2.9
Wisconsin	11.4	-1.8
PLAINS		
Iowa	-6.5	-3.5
Kansas	-2.7	-4.4
Minnesota	-11.4	-16.2
Missouri	-3.9	-4.1
Nebraska	-2.2	-1.5
North Dakota	-36.7	-7.2
South Dakota	-2.6	.3

	Revenues	Approp.
SOUTHEAST		
Alabama	-7.1%	-7.9%
Arkansas	-2.7	-2.7
Florida	-8.7	-7.7
Georgia	-2.7	-1.4
Kentucky	-4.0	-2.7
Louisiana	-6.5	-1.8
Mississippi	-7.1	-6.9
North Carolina	-3.7	-3.6
South Carolina	-3.8	-3.8
Tennessee	.0	.0
Virginia	-4.3	-2.3
West Virginia	-7.3	-8.9
SOUTHWEST		
Arizona	-12.4	-4.0
New Mexico	-3.4	.0
Oklahoma	.0	-9.1
Texas	-3.5	.0
ROCKY MOUNTAIN		
Colorado	-13.4	-.7
Idaho	-25.4	-5.2
Montana	8.5	5.4
Utah	-4.0	-1.4
Wyoming	-4.2	.0
FAR WEST		
California	-3.1	3.2
Nevada	-19.2	-11.1
Oregon[1]	-7.6	-7.0
Washington[1]	-9.6	-7.3
Alaska	29.8	.0
Hawaii	-5.7	.0

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[1] Figures compare changes in the FY 79-81 biennium budget period to the Fy 81-83 budget period. Annual figures are not available.

Spending Reductions. One of the most dramatic signs of state fiscal problems is that 35 states have already reduced spending below the level set when the 1983 budget was adopted. Most of these reductions were considered necessary to avoid deficits although in some instances these actions were taken to prevent balances from falling to an undesirably low level.

A description of these budget cuts is provided in Appendix B. Most reductions were on an across-the-board basis, with exemptions for welfare, Medicaid, aid to local governments including public schools, and certain other programs. In many states, however, aid to local governments has been reduced below the amount budgeted, although aid was often cut by a smaller percentage than funds for state agencies. In a few states, even income maintenance programs have been reduced.

These spending reductions are occurring on budgets which were fairly lean when originally passed. The average increase in appropriations for FY 1983 was less than 8 percent before the cuts.

Tax Increases. From July to late November, the only response to disappointing revenue collections was to reduce spending. In the last several weeks of 1982, five states went into special session and increased their sales and/or income taxes.

- Minnesota raised its sales tax from 5 percent to 6 percent and added a 3 percent surtax on an already existing surtax of 3.5 percent. Both actions expire June 30, 1983.

- Indiana raised its sales tax from 4 percent to 5 percent and also increased its income tax. Both actions are permanent.

- New Jersey raised its sales tax from 5 percent to 6 percent and increased the income tax rate for returns over $50,000. Both actions are permanent.

- Mississippi temporarily raised its sales tax from 5 percent to 5.5 percent effective in 1984 and increased its income tax beginning in 1983.

- Nebraska increased its income tax from 17 percent to 18 percent of federal income tax liability.

The results of recent special sessions are described further in Appendix A.

Many actions taken by states during 1982 were in the nature of stop-gap measures: they helped to balance the FY 1983 budget but often left unresolved problems for FY 1984. Examples include acceleration of tax payments, postponement of expenditures, interfund transfers, and issuance of short term debt. See Appendix C for details on which states employed each of these devices.

Acceleration of tax payments. Seventeen states speeded up tax collections, providing them with a one-time windfall. For example, Missouri is now collecting income tax withholding from large firms on a weekly basis rather than monthly, netting the state an additional $34 million this year.

Postponement of payments. Eighteen states deferred certain expenditures into the next fiscal year. For example, in a special session Indiana postponed over $250 million in payments to local governments until FY 1984. Michigan recently postponed $500 million of aid payments. Other states that deferred expenditures include California, Illinois, Minnesota, New Jersey, and Wisconsin.

Interfund transfers. In order to cope with cash flow problems, at least 16 states borrowed from pools of money other than the general fund. One state to do this was Wisconsin, which temporarily borrowed $200 million and must repay this loan with interest. Other states include Illinois, Michigan, Nebraska, Oregon, New York, and Utah. States that transferred funds directly into the general fund and are not obligated to repay the funds include California, Kentucky, and New Hampshire.

Short term debt. This past year several states borrowed in the short term credit market in response to cash shortages. In July 1981, Minnesota legislators raised the short term debt limit from $100 million to $360 million, and in January 1982 increased the limit again to $850 million. The full $850 million must be repaid by the end of June 1983. New Hampshire also raised its debt limit from $40 million to $60 million.

Michigan, which has been particularly hard hit as a result of foreign trade competition, obtained a loan guarantee from Japanese bankers so that the $500 million borrowed in October 1982 would carry a lower investment risk and reduce Michigan's interest payments.

California, Idaho, Rhode Island, and Washington were other states that borrowed unusually large amounts in FY83 to help pay bills.

Growth of revenues and expenditures

The median increases for FY 1983 after taking revisions into account are 5.5 percent for revenues and 6.4 percent for expenditures. These increases are lower than the inflation rate for goods and services states purchase (which has been increasing more rapidly than prices of consumer purchases).[5] Table 4 shows the reported increases for each state.

Table 4

PROJECTED GROWTH RATES OF GENERAL FUND REVENUES AND EXPENDITURES 1982 TO 1983

	Percentage Change	
	Revenues	Spending
NEW ENGLAND		
Connecticut	6.7%	8.4%
Maine	7.7	9.4
Massachusetts	5.5	4.9
New Hampshire	7.2	0.6
Rhode Island	5.2	6.4
Vermont	15.0	18.3
MIDEAST		
Delaware	4.9	7.2
Maryland	5.7	10.3
New Jersey	11.4	9.3
New York	1.8	5.3
Pennsylvania	4.5	5.4
GREAT LAKES		
Illinois	1.4	3.6
Indiana	4.8	0.7
Michigan	-8.2	5.6
Ohio	14.9	15.6
Wisconsin	6.1	19.0
PLAINS		
Iowa	1.4	4.1
Kansas	11.2	6.3
Minnesota	12.8	-21.6
Missouri	7.9	7.1
Nebraska	19.1	2.4
North Dakota	-10.9	-0.7
South Dakota	-0.3	4.3

	Percentage Change	
	Revenues	Spending
SOUTHEAST		
Alabama	2.6%	2.6%
Arkansas	5.3	5.7
Florida	8.0	5.7
Georgia	7.5	7.5
Kentucky	6.4	9.4
Louisiana	.9	.8
Mississippi	.8	.2
North Carolina	5.0	6.8
South Carolina	9.3	9.2
Tennessee	16.5	17.0
Virginia	6.4	13.8
West Virginia	-1.6	2.3
SOUTHWEST		
Arizona	-3.8	-1.5
New Mexico	3.0	15.0
Oklahoma	27.1	15.0
Texas	2.8	11.1
ROCKY MOUNTAIN		
Colorado	12.6	17.4
Idaho	-9.6	8.2
Montana	-1.3	-4.1
Utah	7.4	11.7
Wyoming	5.4	50.5
FAR WEST		
California	.6	2.8
Nevada	-9.3	0.9
Oregon[1]	10.8	.0
Washington[1]	24.1	17.9
Alaska	-15.2	-85.0
Hawaii	2.2	13.3

[1] Figures compare changes in the FY 79-81 biennium budget period to the FY 81-83 budget period. Annual figures are not available.

Interpretation of increases for many states is difficult because of devices employed to maintain budget solvency. As noted above, eighteen states deferred spending from one year to the next, while 17 states accelerated tax collections into an earlier year. Such actions can seriously distort comparisons between years. For example, suppose that spending is planned to rise from $1.00 billion to $1.05 billion, a 5 percent increase. Then, in order to avoid a deficit in the earlier year, $.05 billion of spending is deferred from the first year to the second. Since the spending levels will now be $.95 billion and $1.1 billion respectively, the percentage increase between the two years is nearly 16 percent rather than 5 percent. California, Colorado, Illinois, and New Jersey are among the states where this occurred.

Rate of revenue inflow

As Table 5 shows, nearly every state reporting indicated that revenue was coming in more slowly than had been anticipated. Only three states responding to this question did not indicate that it faced a shortfall. States with particularly large shortfalls were Colorado, Idaho, and Michigan. As noted above, states with large petroleum industries have not been spared in this recession. Collections have been depressed not only for severance taxes (i.e., those directly on the extraction of oil and gas), but also for personal and corporation income taxes and general sales taxes.

Employment policies

After rising for 35 years, state workforces have been decreasing since mid-1981, according to data collected by the Bureau of Labor Statistics (BLS).[6] NCSL survey data supports the BLS findings. Twenty-eight of the states surveyed have reduced the level of their state workforce from 1981 to 1982. In comparison, the average annual growth of state employment was 3.3

Table 5

FY83 REVENUE SHORTFALLS
(as of January 1983)

	Amount of Projected Shortfall (in millions)	Percent of General Fund Revenues
Alabama	130-160	6.7-8.2
Alaska	a	
Arizona	220	13.5
Arkansas	27	2.6
California	1000-1800	4.6-8.3
Colorado	170-200	9.7-11.4
Connecticut	49	1.5
Delaware	29.6	4.2
Florida	390-411	7.5-7.9
Georgia	100	2.7
Hawaii	70	5.4
Idaho	94	20.3
Illinois	362-435	4.1-4.9
Indiana	282	12.5
Iowa	126	6.1
Kansas	39	2.7
Kentucky	75-89	3.2-3.8
Louisiana	250-400	6.1-9.8
Maine	4.5	.7
Maryland	12	.4
Massachusetts	a	
Michigan	660-900	14.4-19.7
Minnesota	500	10.2
Mississippi	85	6.9
Missouri	86-95	3.7-4.1
Montana	a	
Nebraska	16.8	2.1
Nevada	68	16.2
New Hampshire	19.6	5.7
New Jersey	60-100	1.0-1.7
New Mexico	160	12.9
New York	579	3.3
North Carolina	126	3.6
North Dakota	123	26.9
Ohio	178-400	2.5-5.6
Oklahoma	26	1.5
Oregon (biennium)	221	7.1
Pennsylvania	188	2.5
Rhode Island	35	4.1
South Carolina	75	3.7
South Dakota	7	2.5
Tennessee	130-140	4.0-4.4

	Amount of Projected Shortfall (in millions)	Percent of General Fund Revenues
Texas	340	3.3
Utah	70	7.4
Vermont	17	5.1
Virginia	130-206	4.1-6.5
Washington (biennium)	632	8.2
West Virginia	91	6.8
Wisconsin	423	10.2
Wyoming	16	4.0

Note: (a.) Revenue equalled or exceeded projection percent between 1969 to 1980. The largest decreases in 1982 occurred in Nevada, New Hampshire, and Michigan, where employment declined 16 percent, 10 percent, and 7.3 percent respectively.

Appendix D reports changes in employment levels and other policies affecting workers.

In addition to cutting back employment levels, 21 states currently have a hiring freeze in effect. Other states effectively have an "informal" hiring freeze since budget cuts have deterred agencies from filling vacant positions. In January 1983 California became the latest state to initiate a freeze, while other states such as North Carolina, Iowa, and Illinois have had hiring restrictions in effect since at least 1980.

Seventeen states postponed, scaled down, or eliminated scheduled Cost of Living Adjustments (COLA) and/or merit raises for state employees due to budget problems. For example, North Dakota reduced the average COLA from 8 percent to 4 percent, and California eliminated a 5 percent COLA, for savings of $1.4 billion.

Financially hard-pressed states also adopted more drastic measures to cut employee costs such as: reducing the hours worked during the work week; initiating mandatory furloughs or "payless vacation" days; and adopting a lagged payroll which lengthens each pay period until one entire payroll is deferred into the next fiscal period.

More specifically, during a December special session, Minnesota legislators decided to temporarily transfer part of the cost of the state pension program to employees, resulting in a 2 percent wage reduction. This action saved the state $63 million. Several states considered reducing work weeks, although only Oregon came close in adopting this option for FY83 by reducing the 40-hour work week to 36 hours. In negotiations with the unions, this measure was exchanged for elimination of a COLA. Thus far, only Idaho has temporarily reduced the work week for the last 6 weeks of FY82 to balance the budget.

In a similar action, Illinois asked state employees to take 5 day furloughs throughout this fiscal year, while in Alabama negotiations are under way for public safety employees to take 1 day unpaid leave every 2 weeks.

In New York and Washington less drastic action was taken when these states endorsed a plan to defer one pay period into the next fiscal year. Employees in Washington took the state to court over this action, but the court upheld the right of the state to enact this policy.

At NCSL's Annual Meeting in July 1982, George Peterson of the Urban Institute stated that state employees had been hit harder than any other group by state budget adjustments up to that time.[7] That still appears to be true.

REGIONAL PATTERNS

Table 6 shows how the prospective year-end balances for 1983 vary across the country. Fiscal distress is found in all regions. Each of the eight regions of the country has at least two states with a prospective deficit. In all regions except the Plains, at least half of the states anticipate a balance of 1 percent or less. New England has the most uniformly dismal fiscal conditions, with every state projecting a balance of 1 percent or less.

The Sunbelt is no better off than other regions. Deficit states in the South include Louisiana, Virginia, Arizona, and New Mexico. Two of these

Table 6

GENERAL FUND BALANCES
FOR YEAR-END, 1983
BY REGION

Region	Over 5 Percent	3.1-5 Percent	1.1-3 Percent	0 to 1.0 Percent	Deficit	Total
New England	0	0	0	2	4	6
Mid-East	1	0	1	1	2	5
Great Lakes	0	0	1	2	2	5
Plains	1	1	3	0	2	7
Southeast	0	1	3	6	2	12
Southwest	1	1	0	0	2	4
Rocky Mountain	1	1	0	0	3	5
Far West	2	1	0	1	2	6
Total	6	5	8	12	19	50

states--Louisiana and New Mexico--are among those where booming severance taxes during the late 1970s and early 1980s had produced overflowing state treasuries. Due to the "oil glut" severance tax collections in 1982 fall short of 1981 levels.

The figures in Table 6 illustrate why the year-end balance can be a misleading indicator of budget problems. Fiscal conditions in New England are no worse than in the Pacific Northwest or the Great Lake states--the two hardest hit regions of the country--but several states in those regions, such as Indiana, Ohio, Wisconsin, Oregon, and Washington, have already raised taxes and cut expenditures sharply. No New England state other than Vermont raised its sales or income tax in 1982, nor have most New England states made large spending reductions in FY 1983 budgets.

Table 7 examines regional patterns from another perspective--differences in the size of revenue shortfalls. The Great Lakes, Rocky Mountain, and Far West states had the highest proportion of states with shortfalls of 5 percent or more.

In general, Great Lake states such as Indiana, Ohio, Wisconsin, Minnesota, and Michigan and states of the Pacific Northwest--Idaho, Oregon, and Washington--have had the most serious fiscal problems during the past year.[8]

Figure 1 shows unemployment rates in each state for November 1982. While there are exceptions, the states with extremely high unemployment rates tended to have more serious state fiscal problems.

CAUSES OF FISCAL PROBLEMS

Several factors have contributed to the serious fiscal problems facing most state governments. The recession is the most important consideration,

Table 7

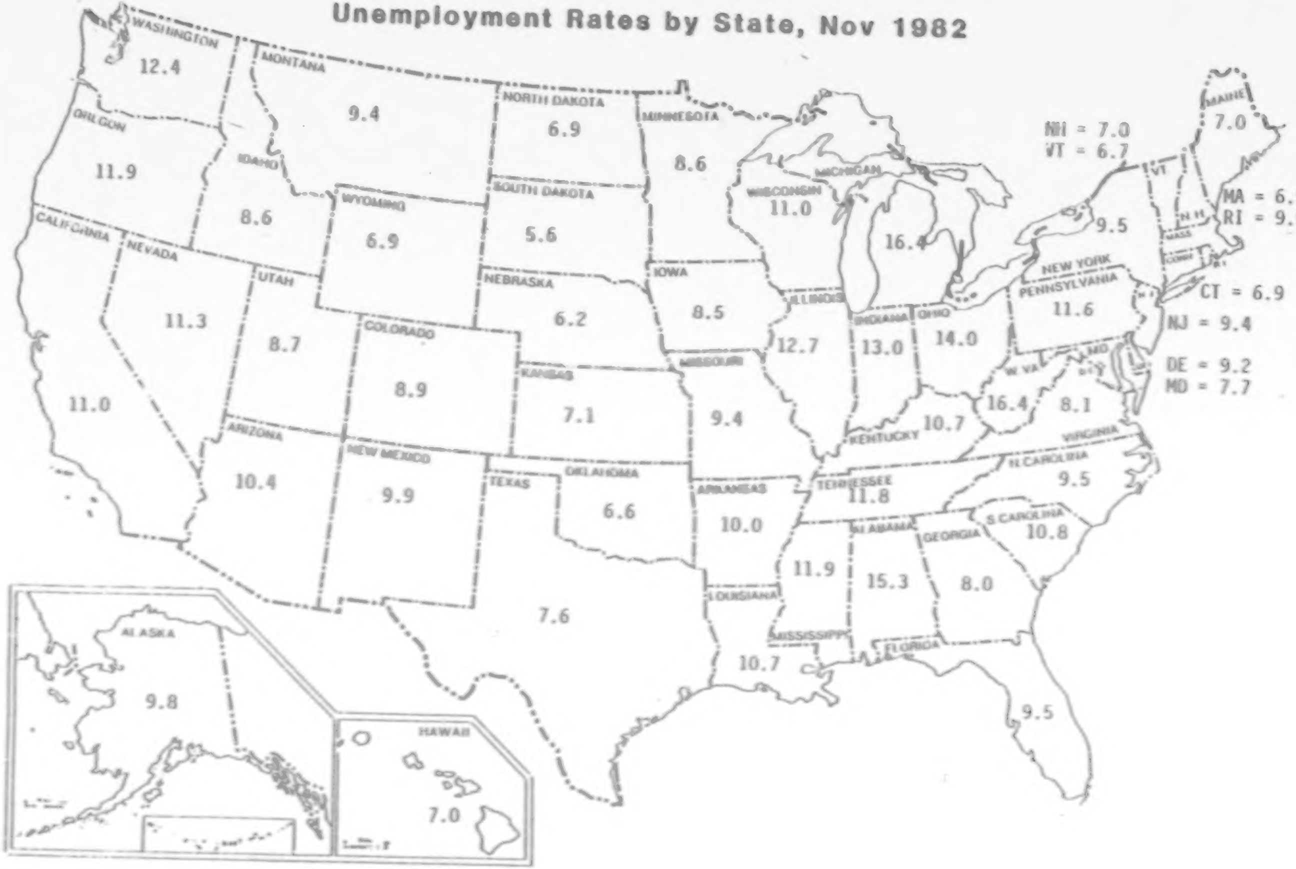
REVENUE SHORTFALLS BY NUMBER OF STATES, BY REGION

Region	Under 5 Percent	Over 5 Percent
New England	3	2
Mid-East	6	0
Great Lakes	1	4
Plains	4	3
Southeast	6	6
Southwest	2	2
Rocky Mountain	1	4
Far West	1	5

Note: In cases where the revenue shortfall was estimated within a range, the high point of the range was used to classify the state.

Figure 1.

Unemployment Rates by State, Nov 1982


WASHINGTON
12.4
MONTANA
9.4
NORTH DAKOTA
6.9
MINNESOTA
8.6
OREGON
11.9
IDAHO
8.6
WYOMING
6.9
SOUTH DAKOTA
5.6
WISCONSIN
11.0
MICHIGAN
16.4
CALIFORNIA
11.0
NEVADA
11.3
UTAH
8.7
COLORADO
8.9
NEBRASKA
6.2
IOWA
8.5
ILLINOIS
12.7
INDIANA
13.0
OHIO
14.0
NEW YORK
9.5
PENNSYLVANIA
11.6
KANSAS
7.1
MISSOURI
9.4
KENTUCKY
10.7
W VA
16.4
VIRGINIA
8.1
ARIZONA
10.4
NEW MEXICO
9.9
TEXAS
7.6
OKLAHOMA
6.6
ARKANSAS
10.0
TENNESSEE
11.8
N CAROLINA
9.5
S CAROLINA
10.8
LOUISIANA
10.7
MISSISSIPPI
11.9
ALABAMA
15.3
GEORGIA
8.0
FLORIDA
9.5
MAINE
7.0
VT
N.H.
MASS
CONN
R.I.
N.J.
MD
DEL
NH = 7.0
VT = 6.7
MA = 6.
RI = 9.
CT = 6.9
NJ = 9.4
DE = 9.2
MD = 7.7
ALASKA
9.8
HAWAII
7.0

since people who are unemployed pay little if any income tax and relatively little sales tax, while companies with low profits pay little if any corporate income tax. The decrease of inflation added to states' problems, since it lowered the yields from the sales tax and other taxes while having a much smaller impact on costs. The reduction of federal aid also contributed to state fiscal woes, although it had less effect than the impact of the recession. Finally, the legacy of the state tax cuts enacted in reaction to the Tax Revolt of the late 1970s sharply reduced the revenue which many states had available. As Table 8 shows, in 44 states the tax burden as a proportion of personal income decreased between 1978 and 1982. Nationally, state taxes fell from 6.98 percent to 6.48 percent of personal income during that period.[9]

COMPARISON WITH NATIONAL GOVERNORS' ASSOCIATION SURVEY

In December 1982 the National Governors' Association and the National Association of State Budget Officers published a survey very similar to the present one, Fiscal Survey of the States: December 1982 Update. In a news release accompanying the report, it was noted that "...the fiscal situation in the states is probably worse than portrayed here. Several states have not recently updated their estimates; and since revenues across the country were lower than expected this fall, these early estimates will no doubt prove optimistic."

The current survey confirms the NGA-NASBO prediction. Since the information in this survey is more current than that reported by NGA and NASBO, it is not surprising that the outlook is bleaker than the earlier report described. For the 41 states reporting in the NGA-NASBO survey, this survey has lower FY 1983 year-end balances in 19 states, roughly the same balances in 17 states, and higher balances in only 5 states. In four of the five cases where the

Table 8

STATE TAX REVENUE PER $1,000 OF PERSONAL INCOME SELECTED FISCAL YEARS

STATE	1970	1974	1978	1982
Alabama	$ 72.11	$ 74.26	$ 74.90	$ 68.20
Alaska	68.28	63.41	130.71	449.77
Arizona	83.07	76.98	87.49	69.50
Arkansas	70.81	75.21	77.98	68.17
California	65.91	70.08	86.70	75.65
Colorado	62.10	65.08	64.64	50.23
Connecticut	53.82	59.84	61.88	58.15
Delaware	88.21	92.59	100.46	89.75
Florida	63.45	73.74	66.63	54.14
Georgia	66.04	72.03	71.93	65.90
Hawaii	111.26	108.00	111.42	98.51
Idaho	75.53	75.41	82.06	70.39
Illinois	60.60	62.98	66.11	60.80
Indiana	53.13	63.15	66.54	57.48
Iowa	63.66	65.63	70.81	65.69
Kansas	53.23	58.13	63.34	56.09
Kentucky	76.40	82.07	89.59	80.79
Louisiana	80.55	89.19	85.40	76.11
Maine	69.51	80.16	84.78	75.53
Maryland	70.56	70.65	76.75	65.36
Massachusetts	61.33	72.14	78.66	74.79
Michigan	66.98	73.33	78.28	63.51
Minnesota	75.92	92.02	97.38	86.04
Mississippi	92.81	92.02	91.03	78.19
Missouri	51.03	56.46	55.86	48.52
Montana	59.31	65.16	72.57	71.03
Nebraska	46.96	49.91	64.84	52.79
Nevada	73.21	79.86	77.21	75.44
New Hampshire	38.07	44.48	43.34	34.82
New Jersey	43.95	47.79	58.71	62.08
New Mexico	94.99	102.69	109.19	108.41
New York	75.16	81.73	80.94	76.48
North Carolina	79.19	80.01	79.55	73.53
North Dakota	65.68	60.00	76.56	79.51
Ohio	42.21	51.20	54.54	52.02
Oklahoma	64.17	67.27	73.78	85.34
Oregon	59.31	65.25	69.60	58.54
Pennsylvania	64.32	77.56	75.83	66.57
Rhode Island	65.06	70.84	72.37	70.92
South Carolina	77.47	85.20	84.30	76.96
South Dakota	56.49	51.29	54.48	53.39
Tennessee	61.39	64.15	68.52	55.19
Texas	54.17	60.99	68.52	57.28
Utah	80.33	77.07	80.69	75.49
Vermont	94.80	95.50	83.10	73.54
Virginia	61.90	64.15	66.27	57.89
Washington	78.52	76.93	88.91	72.93
West Virginia	91.31	85.85	88.13	89.64
Wisconsin	86.68	93.64	96.40	82.05
Wyoming	78.73	74.98	94.20	131.45

Source: U.S. Census Bureau

NGA-NASBO figure was lower, the discrepancy can be explained by state budget adjustment actions adopted since the earlier survey or by the inclusion in this report of "rainy day funds" which NGA-NASBO did not include. (In this comparison, if the difference in year-end balance was projected to be less than one percent, the two surveys were considered to be in agreement.)

The eight states where the current survey portrays a considerably weaker fiscal situation than NGA-NASBO are:

	Projected FY 1983 balance	
	NCSL	NGA-NASBO
Connecticut	-1.9	0.1
Michigan	-13.8	.0
Iowa	-4.0	0.5
Louisiana	-3.5	0.5
Colorado	-6.1	-1.7
Idaho	-16.1	0.7
Montana	4.2	10.4
Wyoming	11.0	26.9

Despite these differences, the two surveys are in substantial agreement as to the severity of state fiscal problems. As the NGA-NASBO report states, "The recession and other factors have caused state fiscal conditions to deteriorate badly through 1982." The accompanying news release added, "This is the ninth NGA-NASBO report and is by far the bleakest yet."

CONCLUSION

It appears that legislators and governors will face very tough decisions as they develop budgets for fiscal year 1984. Although this report has concentrated on prospects for the current fiscal year, the magnitude of problems in the year beginning July 1 is even greater. Early revenue projections, based on current service levels, indicate ballooning revenue shortfalls. Some examples:

- California is forecasting a shortfall as high as $4.5 billion.
- New York's impending deficit may be $1.8 billion.
- Wisconsin and Minnesota face biennial budget gaps of $1.3 billion and $1.5 billion respectively. The shortfall in Wisconsin had been estimated at $2.5 billion prior to a recent special session at which some temporary tax increases were made permanent.

Reports from around the country as well as the results of special sessions held in December suggest that 1983 will see more increases of major state taxes than any year in more than a decade. This does not mean that states are increasing the size of government. As John Shannon, Assistant Director of the U.S. Advisory Commission on Intergovernmental Relations, said recently:[10]

> The evidence suggests that a major state tax increase is a signal of fiscal desperation--not the proof that the big spenders are once again in the saddle. Since Proposition 13, a state government only turns to its citizenry for a major tax transfusion when it is clearly apparent that the state is suffering a severe fiscal hemorrhage--a large revenue shortfall due to the economic recession.

Tax increases of 1983 should be viewed in the context of the tax reductions of recent years. When states raise taxes in 1983, they will often be recouping some of the revenue given away during the recent period of tax relief.

A year ago we wrote, "One implication of this survey is that in most states budget deliberations this year will be more excruciating than usual." That is also true this year. Legislators and governors do not enjoy raising taxes or cutting popular programs, but that course appears inevitable.

Budget-making in the states contrasts sharply with budget-making in Washington, D.C. When states confront deficits, they nearly always act to eliminate them. Fiscal discipline is much stronger in the state capitols than in our national capital.

NOTES

1. Steven Gold and Karen Benker, "State Fiscal Conditions as States Entered 1982" (NCSL, Legislative Finance Paper 13, 1982), p.1.

2. Steven Gold, Karen Benker, and George Peterson, "State Budget Actions in 1983" (NCSL, Legislative Finance Paper 27, 1982).

3. Florida, Nebraska, Washington, Vermont, and Wisconsin raised their general sales tax; Michigan, Ohio, Minnesota, and Oregon raised their income taxes. Gold et. al, "State Budget Actions," pp. 7-12.

4. The only states with other dates for the end of their fiscal years are New York (March 31), Texas (August 31), Michigan (September 30), and Alabama (September 30). As originally reported by NCSL, 29 states anticipated surpluses of 1 percent or less or deficits. Shortly after the survey was completed, Wisconsin lowered its revenue estimate, shifting it into the deficit category.

5. U.S. Office of Business Economics, Surveys of Current Business.

6. According to the U.S. Bureau of Labor Statistics state employment in October 1982 was 1.5 percent below its level a year earlier.

7. George Peterson, "The Pattern of Legislative Cutbacks: Nine Propositions," in The Legislative Role in Budget Cutback Management (NCSL, Legislative Finance Paper 30, 1982).

8. Minnesota is classified as a Plains State in Table 6 and Table 7.

9. Steven Gold, "Recent Developments in State Finances" (NCSL, Legislative Finance Paper 33, 1983).

10. John Shannon, "Fiscal Federalism after Proposition 13: Federal and State-Local Spenders Go Their Separate Ways" (Paper presented at American Economic Association meetings, December 29, 1982).

Appendix A

FY83 SPECIAL SESSIONS

Indiana	A special session was held in December to resolve an estimated $452 million shortfall. Actions include: permanently raising the sales tax from 4% to 5% beginning January 1983; permanently increasing the flat rate personal income tax from 1.9% to 3% beginning January 1983; postponing $286 million in payments to FY84; and cutting the budget $59 million.
Minnesota	In December with a $312 million deficit projected for the remainder of the FY81-83 biennium, the legislature chose to: add a 3% personal income tax surcharge on top of the 3.5% surcharge enacted for 1983 earlier, with both scheduled to sunset in June 1983; made the temporary sales tax increase from 4% to 5% permanent; enacted a temporary one percent sales tax increase bringing the rate to 6% which will expire June 1983; shift $100 million of payments to FY84; lower benefits for state employees; and cut the budget $79 million.
Mississippi	The governor called a special session in December to propose a state public school kindergarten program and raise the appropriate revenue. The legislature voted to: increase the sales tax from 5% to 5.5% effective January 1984 to December 1986; and created a third top tax bracket of 5% for taxpayers with income over $10,000 effective January 1983 to December 1986.
Nebraska	In November, the legislature met and cut the budget by $18.1 million. The Board of Equalization: postponed the scheduled sales tax decrease from 3.5% to 3% from December 1982 to December 1983, and increased the personal income tax from 17% to 18% of federal tax liability retroactive to tax year 1982. this will automatically increase the corporate income tax since this tax rate is tied to a percentage of the personal income tax rate.
New Jersey	During the last week in 1982, the legislature met in a special session and: permanently raised the sales tax rate from 5% to 6% beginning January 1983; increased the top personal income tax bracket from 2.5% to 3.5% on income in excess of $50,000 effective January 1983; ordered the governor to cut the budget by $30 million; and provided for supplemental appropriations of $85 million primarily for aid to education that was cut out earlier.
New York	The legislature resolved the $200 million deficit faced by the Mass Transit Authority in New York City by raising all business taxes for two years in areas served by the MTA. The state deficit and New York City deficit remains unresolved.
Wisconsin	In a special session during the first week in January, the legislature made the previously enacted temporary sales tax and cigarette tax increase permanent.

Appendix B

STATE BUDGET CUTS IN FY 1982 AND FY 1983

State	FY 82 Budget Cuts	FY 83 Budget Cuts (Actual and Pendin
Alabama		In October 1982, General Fund was cu $55 million or 12.4%. Education Fun cut $96.4 million or 6.7%.
Arizona	Cut 5% across-the-board exempting corrections.	Agency budgets cut 10% in July 1982 to save $65 million. Shortfall of $155 million pending.
Arkansas		Budget reduced by 2% or $27.5 millio Second shortfall of $17 million pending.
California	Cut $67 million or 2% from state agency budgets.	Cut $70 million or 2% from state agency budgets. Shortfall of $1.5 billion pending.
Colorado	Cut 1% across-the-board.	Cut 2% across-the-board to save $30 million in October 1982. Second shortfall of $102 million currently pending.
Connecticut		Cut 5% from agency budgets in Januar 1983. Will save about $20 million. $60 million shortfall will probably rolled over into next fiscal year.
Delaware		Shortfall of $28 million. Options include cutting the budget or spendi down rainy day fund.
Florida	Cut $27 million in agency budgets. Remainder of $190 million shortfall was taken from working capital fund.	First across-the-board budget cut in August 1982 totalled $109 million or 2% of the budget, with no program exemptions. Second across-the-board c in December, cut another 2.5% to sav $136 million. Remaining shortfall o $166 million made up with other budg adjustments.
Georgia		State agency budgets cut by $106 million. Cut represents 2.8% of total General Fund budget.
Idaho	Cut 4% across-the-board with only 2 months left in FY82 to save $17 million. State employees worked 4 day work weeks for 6 weeks.	Cut 10.5% across-the-board, exemptin school aid and corrections, to save $19 million. Second shortfall of $7 million pending.

Illinois		Cut $164 million in selective cuts; second shortfall pending.
Indiana		Budget cut 4.5% or $117 million for biennium. Second shortfall for FY83 totalled $452 million or 19% of budget. Primarily raised taxes in special session with some cuts.
Iowa		Voluntary state agency cuts totallin $70 million or 3.4% of General Fund. Second shortfall of $80 million pending.
Kansas		Agency budgets cut 4% or $22.5 milli from budgets in July. Second shortfall of $60 million partially correc ed with 4% cuts to school and entitl ment budgets saving $22 million.
Kentucky	Cut 6% across-the-board to save $282 million.	Revenues are down by $102 million. Cut 3% of the budget, but exempted higher education, K-12, and entitlement programs. This cut will also apply to FY84.
Louisiana		Cut agency budgets $76 million in Oc tober. Represents 1.8% of General Fund. Second shortfall of $149 million pending.
Maine		This past election, an indexing measure was passed by the voters which will cost the state an estimated 32 million. In addition, revenues are down $4.5 million.
Maryland		Cut 1.5% or $10 million from agency budgets in November. Exempted Depar ment of Public Safety and correction
Michigan	Total cuts were $778 million or 15% of General Fund. There were four rounds of selective cuts.	No cuts enacted, but current revenue shortfall is $660-900 million or 14.4% to 19.7% of total General Fund budget.
Minnesota	Budget cut 5% for biennium or $450 million.	In December 1982, special session additonal cuts were made totalling $145 million.
Mississippi	Cut $59 million or 4.8% from General Fund. Reduced one half of the scheduled increase from the prior year.	Projected $85 million shortfall. Cut the budget 1.5% to save $20 million.

Missouri	In June, 1981, cut $75 million or 3.5% of General Fund in selective cuts.	In October 1982, cut $95.3 million or 4.1%; 10% in agency budgets and 5% higher education and K-12 budgets.
Nebraska	In November 1981, cut $17.1 million or 2.3% of the General Fund. Exemptions include aid to local governments and schools, welfare and corrections.	In November 1982, cut $16.3 million or 2.2% of the budget with few exemptions.
Nevada		Cut $33.6 million or 7.9% of General Fund in selective cuts.
New Hampshire	In 1981 session, cut 10% in personal services for both FY82 and FY83 to save $14 million.	In addition to the cut made in the 1981 session, in the 1982 session another cut of 5% was enacted. Als in January 1983, a 4% across-the-boa cut was made to save $15.7 million.
New Jersey		In January 1983, selective cuts of million or 1/2 of 1 percent of the General Fund were made. Aid to loc government was not affected.
New Mexico		Revenue estimates down $165 million. $100 million will be made up with c tigency funds. Remaining $65 milli may be made up with 3.5% cuts.
North Carolina	In November 1981, 5% of the budget was frozen to save $150 million.	In July 1982, a 5% across-the-board cut was enacted and in September th was increased to 6% to save $127 mil lion. Smaller cuts to public school and human service programs were mad
North Dakota	In November 1981, cut $26.7 million from state agency budgets for the biennium. Total equals 3% of General Fund.	The November 1981 cut was also applied to FY83.
Ohio	In February 1982, cut $102.6 million or 1.7% of General Fund. Selective cuts exempted welfare and Medicaid. In March, 1982, cut another $56 million in across-the-board cuts (some exemptions) or .9% of General Fund. In April, 1982, cut $50.9 million or .8% of General Fund.	In July 1982, cut $321 million or 4.6% of General Fund. Most state agencies were cut 10%. Second shor fall of $200-500 million pending.
Oklahoma		October allotments held back 5.5% t save $8 million. November allotmen held back 13% to save $18 million. Basic school aid, welfare, and medicaid cut only 4%.

Oregon	In March 1982, selectively cut $126.5 million. Reduced property tax relief program, basic school support (3.6%), and state agencies (up to 6.4%).	In June 1982, cut selectively $73.7 million from agency budgets, employee salary adjustment property tax relief program, and basic school support. In September 1982, cut $14 million in agency budgets and property tax relief progra Total cuts equal 6.9% of General Fu
Pennsylvania	Cut General Fund 1% across-the-board exempting certain basic educational subsidies to save $44 million.	$164 million shortfall pending.
Rhode Island	Budget cut selectively $10 million or 1.2% in December 1981.	$35 million shortfall pending milli
South Carolina	Cut 2.2% across-the-board exempting debt service in December 1981 to save $40 million.	Cut the budget 4.6% to save $80 million.
Tennessee		Monthly cuts in allotments amount t $42 million or 2.2% of the General Fund. Cuts were selective exemptin public school aid, but cutting high education 5%. Total projected shor fal is $130-140 million.
Utah		2% voluntary cuts in the General Fu and the Uniform School Fund to save $18 million. Second shortfall was $30 million corrected with a one ti windfall due to a court decision.
Vermont	Selectively cut $2 million or 1% of General Fund	Selectively cut $4.3 million or 1.3% of General Fund. General Fu still short $8 million.
Virginia		Cut state agency budgets $55.1 mill in October. Cuts total 1.8% of General Fund. State agency budgets cut $55 million in October. Cuts t tal 1.8% of General Fund. Revenues are down another $130 million and a second cut is expected.
Washington	Budget cut 5% across-the-board in April, exempting certain programs to save $180 million for FY81-83 budget period.	Special session in June to make up $253 million shortfall with cuts an revenue increases. Recent projecti show another another $145 million shortfall.
West Virginia	In January 1982, General Fund budget cut by 2.4% to save $30 million. Most agencies cut 5%. Certain programs exempted.	In November 1982, budget reduced by $22 million with most agencies cut cut 3% (K-12 exempted). In January 1983, the budget was cut another $7 million to increase the cut to 10% t K-12 budget was cut only 4%. These cuts equal 6.8% of the General Fund.
Wisconsin	State agency budgets cut 8% for both years of the biennium.	State agency budget$ cut another 2% for FY82 and 4% for FY83. Total bie nium cuts total $91 million. Curre ly short $315 million. Will probabl roll over into next budget period.

Appendix C

STOP-GAP BUDGET ADJUSTMENTS IN 1982[1]

	Postponed Payments into Next Budget Cycle	Postponed Capital Construction	Transfers to General Fund	Tax Speedup	Excess Short Term Debt[2]
Alabama			X		
Alaska	X			X	
Arizona		X	X		
Arkansas		X			
California	X	X	X	X	X
Colorado	X				
Connecticut	X			X	
Delaware					
Florida		X	X	X	
Georgia					
Hawaii					
Idaho		X		X	X
Illinois	X	X	X	X	
Indiana	X	X		X	
Iowa				X	
Kansas	X			X	
Kentucky	X		X		
Louisiana					
Maine					
Maryland					
Massachusetts					
Michigan	X		X		X
Minnesota	X				X
Mississippi	X				
Missouri		X		X	
Montana					
Nebraska		X	X	X	
Nevada				X	
New Hampshire	X		X		X
New Jersey	X	X		X	
New Mexico					
New York			X		X
North Carolina	X				
North Dakota					
Ohio	X			X	
Oklahoma					
Oregon			X	X	
Pennsylvania		X	X		
Rhode Island	X			X	X
South Carolina			X		
South Dakota					
Tennessee					X
Texas					

	Postponed Payments into Next Budget Cycle	Postponed Capital Construction	Transfers to General Fund	Tax Speedup	Excess Short Term Debt
Utah			X		
Vermont					X
Virginia		X	X		
Washington	X	X		X	X
West Virginia					
Wisconsin	X		X		
Wyoming					

Notes:

1 Adjustments reflected in this table all occurred in calendar year 1982 but may affect 1982, 1983, or 1984 fiscal years.

2 Excess Short Term Debt means unusually high state borrowing compared to borrowing during the previous 5 years.

Appendix D

1982 STATE PERSONNEL ADJUSTMENTS

State	Hiring Freeze	Merit/COLA Adjustment	Change in Workforce from 1981 to 1982 (percent)
Alabama		X	10.5[a]
Alaska			6.2
Arizona			decrease
Arkansas			.0
California	X	X	1.0[b]
Colorado			-5.1
Connecticut			1.1
Delaware	X		2.9[a]
Florida	X		1.0
Georgia	X		decrease
Hawaii	X		.2[b]
Idaho			-2.4
Illinois	X		-2.3
Indiana	X	X	-5.0[a]
Iowa	X		.0
Kansas		X	not available
Kentucky	X		-2.6[a]
Louisiana			3.3[a]
Maine			.0
Maryland			1.5
Massachusetts			-6.8[a]
Michigan		X	-7.3[a]
Minnesota	X		-5.4
Mississippi		X	-5.5[a]
Missouri	X		-1.0
Montana			-2.0
Nebraska		X	-2.9
Nevada	X		-16.0[a]
New Hampshire	X	X	-10.0[a]
New Jersey			-.2
New Mexico			3.2[b]
New York	X	X	3.3
North Carolina	X	X	.0[b]
North Dakota	X	X	not available
Ohio			-1.2[a]
Oklahoma	X		5.4[a]
Oregon		X	-3.0
Pennsylvania			-1.6[b]
Rhode Island	X	X	-1.8[a]
South Carolina		X	3.0[b]
South Dakota			-1.0
Tennessee	X		-1.2[a]
Texas			3.1
Utah			decrease
Vermont			-1.8[a]
Virginia			-1.4
Washington	X	X	-3.4
West Virginia	X	X	-6.3
Wisconsin		X	1.0
Wyoming			2.4[a]

[a] Does not include higher education employees

[b] Includes K-12 employees

TESTIMONY OF

SANDRA GARDEBRING, DIRECTOR

MINNESOTA POLLUTION CONTROL AGENCY

ON BEHALF OF THE

NATIONAL GOVERNORS' ASSOCIATION

ON

THE FY 1984 ENVIRONMENTAL PROTECTION AGENCY BUDGET

BEFORE

THE SENATE COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

SUBCOMMITTEE ON TOXIC SUBSTANCES AND ENVIRONMENTAL OVERSIGHT

FEBRUARY 16, 1983

Mr. Chairman, Members of the Committee, thank you for the opportunity to appear before you this morning. My name is Sandra Gardebring and I am the Director of the Minnesota Pollution Control Agency. I am pleased to be here today on behalf of the National Governors' Association, at the request of Governor Jay Rockefeller, chairman of the NGA Energy and Environment Committee. Through the NGA Energy and Environment Committee the Directors of state pollution control agencies regularly meet to discuss important environmental issues and to make recommendations to the Governors. One of our main concerns is the level of federal support for the management of environmental programs. I am also here with the State and Territorial Air Pollution Program Administrators (STAPPA), the Association of State and Interstate Water Pollution Control Administrators (ASIWPCA), and the Association of State and Territorial Solid Waste Management Officals (ASTWMO). Representatives of these groups will follow my remarks to give you an assessment of what the proposed EPA budget means for their specific programs. What I want to make clear at the outset though, is that the Governors and these pollution control professionals are united in their strong recommendation that funding for certain key EPA activities not be reduced below FY 1982 levels.

As I know you are aware, the Administration has proposed an overall 25% reduction in federal support for the management of the air quality, water quality, drinking water, and hazardous waste programs. Although the states have indicated a willingness to assume greater responsibilities for environmental program management, these reductions are proposed at a time of virtually unprecedented budget stringency in most states. Most state budgets now reflect both last year's federal budget cuts and the continuing recession. As you heard from Delegate Maurer, most states are experiencing revenue-shortfalls from earlier projections, and virtually every state legislature meeting this year has had to raise taxes and/or make significant cutbacks in government programs and services. Attempts by the states to increase their own support for environmental programs to make up for the reductions in federal funds will pit these programs against the states' other urgent needs, such as welfare. This situation greatly increases the difficulty states will face if federal support for managing environmental programs is reduced.

In considering the proposed reductions in federal support for environmental management programs, it is important to bear in mind the nature of the partnership that has evolved over the past decade between the states and the EPA. Under the terms of the partnership, the federal government has mandated certain activities and provided support to the states for the development and implementation of plans for carrying out these activities. The Governors believe that the EPA budget proposal you have before you represents a unilateral action to change the terms of the federal state partnership. The mandates would remain, but not the level of support necessary to meet those mandates. And despite the EPA's claim that their regulatory reform efforts will save the states money, EPA has not actually demonstrated how a single dollar can be pared from the cost of managing our environmental programs without sacrificing environmental quality and consistency of approach.

Without federal support, states will begin to cut corners in environmental protection in order to reduce expenses. They will be forced to reduce their efforts in things like permitting, monitoring, enforcement, etc. Carried far enough, the states could well adopt widely varying approaches to pollution control.

While that is not necessarily bad, it should be remembered that federal support was justified in the first instance by the need for establishment of a national program of public health and environmental protection administered through state programs. In addition, consistency is important both to the business community, which operates in an interstate environment, and to the states themselves, which may be subject to the spectre of industrial flight and economic competition if consistency breaks down.

Then too, without adequate federal support, there is a danger that many states will not accept or will return delegation of a number of key environmental programs. Indeed, a recent survey by the National Governors' Association and the associations of pollution control professionals--a copy of which is attached to my statement--suggests that a significant number of states are giving serious consideration to returning or not accepting delegation of certain programs if the federal support for environmental program management is reduced. This possibility runs directly counter to the Administration's desire for more states to assume delegation of environmental programs. Furthermore, we believe that the public dollar goes much further if invested in state implementation efforts than if the U.S. EPA carries out those same activities. Another witness will provide some figures on that drawn from the Idaho air program. Anyway, we recognize the importance of getting the best and most work done with the limited resources available for pollution control, and believe that grants to states, allowing state implementation of our environmental programs, offer the public treasury its best buy.

One fact explains the inability of the states to absorb the proposed budget reductions without having to reduce their environmental management activities.

That is that the states have already absorbed inflation-related "budget cuts" in these programs, in the face of relatively flat funding over the past several years, and actual reductions in the last two years. State program managers have streamlined their programs over the past several years and really cut the "fat" out of these programs. We do not believe that management changes alone can make up for the proposed federal budget cuts. We do believe that reductions in federal support will be translated into reductions in personnel and reductions in our ability to manage environmental quality.

At the Minnesota Pollution Control Agency, we've taken a hard look at just what the proposed cuts would mean in terms of our specific programs. Let me give you a few examples.

In the area of water quality, under our best calculations, the proposed 56 percent drop in federal support would mean that we would be forced to eliminate our ambient water quality monitoring program, which for 30 years has given us data essential for developing state water quality standards, for setting the terms of discharge permits, and for enforcing those permits. Permit processing would be delayed 40 to 50 percent. Our water quality toxics program, which, although really still in its beginning stages, is extremely important to us and the public, would be severely curtailed, in terms of both monitoring and permitting. The Agency's recently implemented pretreatment program would necessarily be dropped and delegation returned to EPA. Regular compliance monitoring of minor facilities would be eliminated; this would affect 1300 NPDES permittees. Operating assistance to municipal wastewater treatment facilities would be reduced; technical assistance to industry in developing adequate treatment systems would simply be eliminated.

In air quality, we've already felt the effects of substantial budget reductions. As a result of this year's federal cutbacks, we've been forced to reduce compliance inspections by 25 percent, have fallen behind in developing certain portions of the State Implementation Plan, and have had to reduce somewhat our ambient air monitoring program. The Administration's additional proposed cuts for 1984 would mean that we would fall below the minimum level of resources necessary to continue the ambient monitoring and would have to eliminate it entirely. Compliance determinations would be cut even further than the 25 percent they've already been cut, and there would be inevitable delays in issuing permits to at least minor facilities. Acid rain monitoring would be dropped. The same would be true for our still developing toxics monitoring program; as with water quality toxics, there would be substantial reductions in implementing what we consider to be a very important new effort.

The picture is no better in hazardous waste. It is true that under the Administration's proposal the hazardous waste area does receive the smallest cuts. Our hazardous waste program, however, as well as hazardous waste programs across the country, is now at a critical point. The initial work has been done, and the regulatory mechanisms are largely set up. Implementation, however, is really just beginning. Right now, we're faced with the resource--intensive task of permitting the state's hazardous waste facilities without having the resources to do it adequately. Even on the basis of existing funding, we would only be able to review these permits once every 12 years, and as for monitoring for compliance, we would only be able to do inspections once every 15 to 20 years. We don't think that's adequate if we're trying in the future to avoid the kind of hazardous waste problems that have made federal and state superfunds necessary. Hazardous waste is an area that needs to be strengthened; we don't believe that existing funds are sufficient, much less that they can be reduced.

The same is true for other areas in which the states feel a strong need to actually increase their efforts. Aside from hazardous waste and toxics in general, these include the development of controlled trading systems, which can significantly reduce compliance costs for the regulated community but which increase costs for the regulatory agencies, and the development of groundwater management mechanisms. Even in the regular, ongoing programs of monitoring, inspection, and enforcement, while much has been accomplished in the last couple of decades, much remains to be done. These programs need to be increased; however, they will unfortunately but undeniably require adequate funding.

Throughout the Minnesota Pollution Control Agency, the Administration's proposals would mean that some programs would be cut back, and some simply eliminated. We would obviously prioritize our activities and keep the dollars in those that we think are most essential. Nevertheless, the inevitable reductions would have definite effects on our ability to do our job. We believe those are serious enough that the integrity and credibility of the Agency as a protector of the state's environment may very well be at stake.

This situation is by no means unique to Minnesota. The problems I've described are illustrative of what have been indicated as problems for environmental agencies all across the country.

Although most of my remarks have been in regard to state management grants, please understand that our concerns extend to other areas of the EPA budget as well. In particular, we hope that funding for technical assistance to states and research and development activities will not be reduced. We have strong doubts that adequate research and development will be undertaken by the private sector. The increasing complexity of our environmental problems and economies of scale also argue for a strong federal R and D program on pollution control.

In summary, I want to reiterate that the Governors and the state pollution control officials remain committed to strengthening and improving the federal-state partnership in environmental protection. We believe that requires that each environmental program be funded at least at its FY 1982 levels. And we think the general public concurs with us. As our Minneapolis Star and Tribune stated in a recent editorial about the proposed EPA budget, "Opinion polls show that Americans want more, not less, environmental protection. If Congress is listening to the people, it will reject the administration's proposal."

We very much appreciate your interest and support of these programs, Mr. Chairman, and hope to work with you to ensure that they are adequately funded.

STATEMENT OF

RICHARD J. CARLSON, DIRECTOR
ILLINOIS ENVIRONMENTAL PROTECTION AGENCY

BEFORE THE

SUBCOMMITTEE ON TOXIC SUBSTANCES
AND ENVIRONMENTAL OVERSIGHT

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

U. S. Senate

February 16, 1983

I am Richard Carlson, Director of the Illinois Environmental Protection Agency. My testimony today is presented on behalf of the National Governor's Association, the Agency, and the State of Illinois. The Illinois EPA is the State's agency for managing programs under the Clean Air Act, the Clean Water Act, the Resource Conservation and Recovery Act, and the Safe Drinking Water Act as well as the Illinois Environmental Protection Act. I have been director since 1981. Prior to that I served on the staff of Governor James Thompson for nearly five years, working primarily on the development of environmental and natural resource policy.

I thank the Subcommittee for scheduling hearings on the USEPA budget, particularly on the issue of federal financial assistance to the states. This morning I would like to discuss how we view the federal-state partnership in managing environmental programs and why we feel federal financial support is essential for continued progress in enhancing environmental quality in the United States.

The Federal-State Partnership

Nearly all of the major federal environmental laws presume some division of labor between USEPA and a counterpart state agency. The federal role is one of program development and oversight, with USEPA setting national standards, conducting research, providing technical assistance, resolving interstate disputes and ensuring consistency among state programs. States which choose to administer the national programs become front-line managers, and their role centers on the issuance of permits, ambient monitoring, emergency response, compliance and enforcement, operator training and certification and construction grants administration.

This system has been successful in at least two respects. First, it has been reasonably efficient. The states individually do not have the resources to conduct the intensive work necessary to develop technically sound and scientifically credible regulations across all media. USEPA is better situated to manage a centralized research effort that provides the technical basis for regulation. States, on the other hand, can be much more effective program managers than the federal government. Environmental problems across the nation are much too diverse for national or even regional administration. From this perspective, state or local administration is preferable. State administration is also an economic bargain because of lower state pay scales. A dollar can buy a lot of environmental protection at the state level.

The current partnership makes sense for a second reason. The development of national standards, coupled with federal oversight, has encouraged a consistency among state programs that has precluded states from creating "pollution havens," to use USEPA's terminology, in their attempts to attract new industry. It has been my experience that the nature of state regulatory programs plays an insignificant role in the decisions made by corporations to locate new facilities -- and the reason for this is that basic regulatory requirements vary little from state to state and other economic factors predominate.

Responsibility for Funding Environmental Programs

Both state and federal governments have an obligation to fund environmental programs. That much is inherent in the nature of the partnership. However, one of the basic questions raised by the current Administration is whether or not the federal government should continue to fund a significant portion of state program activities. For those committed to continued progress in achieving environmental quality, the answer must be yes. Let me suggest several reasons why this is so.

A major responsibility of USEPA is ensuring consistency among the states to minimize interstate variations in environmental quality. The funding of state programs gives USEPA leverage over the states in achieving this goal. Reductions in financial support also mean reductions in federal influence over state programs.

States are limited in the amount of money they can raise and spend in a way the federal government is not. Virtually all are subject to constitutional requirements for balanced budgets. They have little choice during hard economic times but to cut budgets or raise taxes. In the short run, budgets will be cut. Federal financial assistance can help provide stable levels of program effort as states adjust to changing economic circumstances.

The strength of pro-environmental interest groups varies widely across the country. In some states the withdrawal of federal support could seriously weaken environmental programs because the political constituency that would support replacing those lost funds with state dollars is lacking.

Environmental programs implemented by the states represent a complex combination of federal and state law and regulation. This mixture has the unmistakable appearance of a marble cake, and it is difficult to separate out discrete federal or state ingredients. The inevitable mixing of federal and state requirements implies a continuing responsibility on the part of both levels of government to fund the resulting set of activities.

Impacts of Reduced Federal Funding

The current proportion of federal and state support for state programs appears to be reasonable -- about half of the money spent on state programs comes from state sources and about half comes from USEPA program grants. Of course, the proportions can vary widely from state to state. In Illinois, for example, nearly 60 percent of our budget comes from the federal government. However, any substantial reductions in federal funding will have major impacts on state programs. This would come on top of reductions states have already experienced at stable funding levels over the past two years because of inflation.

State revenues are suffering terribly from the current recession and reductions in federal grants will simply not be replaced by the states in the near future. Indeed, many states have already been forced to drastically reduce spending. Thus, for every dollar cut at the federal level, there will be one less dollar being spent for environmental protection by the states. What will this do to state programs?

States will make cuts where they have the greatest flexibility to do so and where the negative impacts are long term. This means that field inspectors and monitoring personnel will most likely be laid off before members of the permit staff. Permits must be issued as required by law. Moreover, reductions in permit staff could severely limit new industrial construction, including the construction of pollution control equipment, simply because there may be not enough people to process the paperwork. However, the number of inspections conducted each year can be reduced without any immediate environmental effect. Likewise, monitoring activities can be reduced substantially without immediate program impacts. Yet the long term impact is substantial, and here the "long term" can be measured in months rather than years. Reductions in field staff will quickly reduce a state's ability to maintain a credible enforcement and compliance program, and a diminished monitoring program will limit a state's ability to continue to develop the control strategies necessary to meet the goals of federal and state law. Let us first look at the impact on regulatory compliance.

Compliance is the ultimate objective of every program. It eventually leads to improved environmental quality. Compliance is dependent upon many factors, but basic to every program is a field staff that is sufficiently active to put the regulated community on notice that the laws will be enforced. After all, it is not the severity of the penalty that encourages compliance, but the probability that it will be applied. Without a credible field presence, the probability of compliance diminishes. Yet reality dictates that field people are among the first to go when budget cuts are made.

Monitoring of the environment answers basic questions that every environmental manager should know. How much pollution is there in the state? Where is it? Who is generating it? And who may be harmed? The answers to these questions influence everything from statewide and regional control strategies to the conditions of individual permits. Yet once again, incremental reductions in monitoring activities are among the first cuts to be made, eventually reducing a state's ability to independently analyze environmental problems, create effective control programs and deal intelligently with industry.

New Environmental Changes

In closing, I would like to comment on one of the arguments that is being made in favor of phasing out state program grants, namely that the older environmental programs are now mature, and stable and can readily be turned over to the States. I disagree. Far from stabilizing, each of the media programs is under significant pressure for change as the country tries to deal with the challenge of toxic chemical pollution.

It is true that the older programs in air, water and public water supplies are based on well established engineering principles under which the regulation of conventional pollutants becomes almost a cookbook exercise. However, the regulation of conventional pollutants is no longer the major focus of the regulatory system. We are now faced with the problem of controlling an enormous range of individual chemical contaminants for which the traditional pollutant parameters are merely rough surrogates. Indeed, we are attempting to develop strategies for controlling some pollutants for which there are no standardized measurement methodologies or established health and environmental impact data. The scientific state of the art is being developed at the same time we are attempting to regulate these substances.

The impact of these developments is significant for state agencies. New skills are needed to adequately cope with emerging problems. In addition to engineers, biologists and chemists, we now need environmental toxicologists, industrial hygienists and bio- and geochemists.

The development of a hazardous waste regulatory system under RCRA is also placing new pressures on states in ways that go far beyond the problem of implementing a new federal program. With land disposal being foreclosed as a cheap and convenient alternative to air and water discharges, industry will be looking for new ways to handle waste. This, in turn, puts pressure on the older pollution control programs for air and water. For example, incineration, along with other treatment technologies, will become more widely used. While these technologies can be safely used, current regulatory requirements need refinement to ensure that new problems do not arise. This will lead states to manage their programs from more of a system perspective than a collection of individual programs. State agencies will have to shift their regulatory focus to the multi-media impacts across entire facilities and even broad geographical regions to properly protect the environment.

In sum, as states we are in the midst of an entirely new ballgame in which the rules are new and imprecise, and even the identity of all the players is uncertain. To win, we must have the continued cooperation, both programmatically and financially, of our partners at USEPA.

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TESTIMONY BEFORE THE SENATE ENVIRONMENT AND PUBLIC WORKS SUBCOMMITTEE ON TOXIC SUBSTANCES AND ENVIRONMENTAL OVERSIGHT CONCERNING FEDERAL GRANTS TO STATE AIR POLLUTION CONTROL PROGRAMS

Presented on behalf of the State and Territorial
Air Pollution Program Administrators

February 16, 1983

I am Robert Collom, Chief of the Air Protection Branch of the Georgia Environmental Protection Division. On behalf of STAPPA, the State and Territorial Air Pollution Program Administrators organization, I wish to thank the Subcommittee for this opportunity to present the views of the professionals throughout the country that have primary responsibility for managing state air pollution control programs on a day-to-day basis. These remarks are directed toward proposed federal fiscal 1984 funding levels for EPA, generally, and more specifically State air program grants administered by EPA through Section 105 of the Clean Air Act.

Federal grants to State air pollution programs have helped develop competent State agencies to deal with mandated federal activities required by the Clean Air Act and provide the public with reasonable assurances that their health and welfare are being protected. On a national average, federal grants represent 40-50% of the total State air program costs. However, federal funding has not increased over the last few years as much as State funds. This is reflected in the table below. The proposed 17.5% reduction of federal grants between fiscal years 1984 and 1983 would further aggravate this problem and have significant deleterious impacts upon State programs.

FUNDING OF STATE AIR PROGRAMS

Source of Funds	FY 1980	FY 1981	FY 1982	FY 1983	FY 1984*
GEORGIA					
State	1,261,370	1,378,707	1,325,633	1,532,718	1,636,032
Federal**	1,050,000	1,050,000	1,050,000	1,050,000	866,250
PENNSYLVANIA					
State	3,400,000	3,500,000	3,500,000	3,500,000	Unknown
Federal	2,600,00	2,700,000	2,600,000	2,600,000	2,047,000
CALIFORNIA					
State	--	16,904,000	17,440,000	18,461,000	18,461,000
Federal	--	2,121,000	1,831,000	1,789,000	1,476,000

* FY 1984 projection of state funds, and proposed federal reduction
** Basic grant award

The stated philosophy of the Clean Air Act is that prevention and control of air pollution is the primary responsibility of State and local agencies. It is not consistent with that policy for EPA to propose a 17.5% reduction of support to State programs, while reducing federal air program funds by 10%. The States sincerely believe that we must obtain a level of federal funding equal to fiscal year 1982 in order to meet our responsibilities.

The States have been absorbing inflationary increases in the cost of much equipment and supplies, as well as increased salaries. They are willing to continue absorbing such costs as their fair share in supporting air programs. Therefore, asking for level federal funds support is not an attempt to have the federal government absorb all increased costs.

EPA has suggested that States establish and/or increase the use of permit fee systems to increase funds for air program costs. This is being explored in more and more States. However, in most instances, if such a fee system is authorized, the monies go to the general State treasury and are not specifically earmarked to support the air pollution program. With the increased pressure on State Legislatures to continue services with decreased tax revenues, this does not bode well for any reasonable expectation that permit fees would all be appropriated to the air program which generated them. Also, the development of a new fee system would likely not occur soon enough to assist with fiscal 1984 costs.

There is also the issue of equity among the States. In some States, EPA issues PSD permits. They do not charge a fee for these permits.

Use of federal funds to support air programs is a cost-effective investment. The experience within the State of Idaho amply demonstrates this point. About two years ago, the State elected to discontinue its air pollution program. EPA stepped in and attempted to conduct most, but not all, of the functions the State had been performing. Air sampling was significantly reduced and EPA found they did not have legal authority to issue permits to non-PSD sources. Many industry modifications or expansions could not be permitted during the period EPA was operating the program. The State of Idaho is again operating their own program. It cost the federal government much more to do the job, and not as effectively.

In 1982, STAPPA and the National Governors Association surveyed States concerning the impact of a proposed 20% grant reduction in FY 1983. Air program related exerpts of that report are shown in Attachment A. As you know, the Congress adopted appropriations which caused about a 4% reduction in federal funds, compared to FY 1982.

To update that information, on February 10 I contacted a few States around the country to confirm with them the effects of the Administration's proposed grant reductions in FY 1984. STAPPA has also obtained recent information from Florida, Kansas, New Jersey, New York and Texas (Attachment B). The air program impacts of the proposed FY 1984 reductions are similar around the country, and are described in the next several paragraphs.

If the States are faced with the percentage of grant reductions being proposed, most will experience delays of about 25% in issuing permits. This would adversely impact the business community at a time when economic development is sorely needed throughout the country. Industry officials require timely and practical decisions from permit issuing agencies. Without this ability, their planning for growth is hampered. I know from experience that permitting delays can cause an industry to cancel plans for a new facility.

Reduced funding will delay State implementation of programs such as emissions bubbling which could save industry millions of dollars in control costs while still protecting air quality. Such a program requires more staff review and special evaluations of unique control options. Not having enough grant money to support such a program will cost the country many more dollars than would be "saved."

Ambient air sampling and the frequency of source compliance inspections would decrease. There would be less knowledge and certainty as to the level of the air quality and compliance of air pollution sources with laws and regulations. That will have a direct impact on degradation of overall air quality. The degree of such degradation would vary over time, but we have already noticed industry considering choices between repairs and maintenance on air pollution control equipment, which does not produce revenues for them, and continuing to maintain their production equipment. Without adequate inspections, this will affect emissions to the air.

State program support is especially critical at this time in light of the continued difficulties in meeting ambient air standards for complex control situations. This is the case with many nonattainment areas throughout the country. The easy control jobs have been accomplished and the complex ones are left. Without continued adequate support of State programs, it is unlikely that solutions to the remaining nonattainment area problems would be forthcoming within any reasonable time period. This would subject segments of the public to air which has been defined as being unhealthy.

Continued State Implementation Plan development will be needed to address nonattainment areas and such things as the upcoming air standard for fine particles and interstate transport problems. Remaining problems exist for sulfur dioxide, particulates and ozone. It is reasonable for the States to expect the federal government to bear a fair share of such continuing public health related program costs. Such support is in the national public interest. It is not just a State issue.

The logical and cost-effective division of responsibilities between federal and State governments in air pollution control places research, establishment of air standards, technical assistance and State oversight upon U.S. EPA. The States are not well-equipped to perform such tasks. They are best done at the national level. Therefore, we urge Congress to continue adequate funding for EPA research and technical assistance in developing environmental control options to deal with such things as toxic air pollutants, acid rain and more efficient control technologies.

In closing, STAPPA respectfully requests Congress to consider the necesssary State/Federal roles in the air pollution control field and to supply adequate funding to fulfill those responsibilities. In our opinion, this will require:

1. State program grant support equal to fiscal 1982 levels. The States are willing to absorb inflationary impacts necessary to maintain effective State air programs, but they cannot also make up the loss of federal funds.

2. Examine closely the continued need for federal research and technical assistance which provides States with the necessary tools to most effectively perform our duties. Additional information is needed to deal with continuing air standard nonattainment problems throughout the country and emerging concerns such as toxic air pollutants or acid rain.

3. In this time of heightened economic difficulties in the country, the most cost-effective use of federal funds for air quality control and improvement is to provide necessary funding to State programs. Experience has shown the greatest environmental benefit per dollar can be obtained in this way.

STAPPA appreciates the opportunity you have provided us during your consideration of funding of State and federal air pollution control efforts. If I or our organization can further assist you, please let us know.

ATTACHMENT A

Air-related Exerpts from a Report Entitled,

"The State of the States: Management of

Environmental Programs in the 1980's"

Based on a Survey Jointly Conducted by:

The NGA Energy and Environment Committee
The State and Territorial Air Pollution Program Administrators

May 1982

The State of the States:
Management of Environmental Programs in the 1980's

Background

The landmark environmental legislation enacted in the 1960's and 70's helped establish a state-federal partnership in the management and protection of environmental quality. The partnership involved a division of responsibility for environmental programs, with the Environmental Protection Agency providing funds to assist state agencies develop and administer federally mandated programs for managing air and water quality, hazardous waste, pesticides, and water supply. In fiscal year 1982, the federal assistance for these management programs totaled $227.8 million, and represented approximately 50% of total state expenditures on these activities. These figures do not include state or federal expenditures for the construction of sewage treatment plants.

For fiscal year 1983 the Administration has proposed reducing funds which support state management of environmental programs by 20%, and may propose further reductions in future years. In proposing these cuts, the Environmental Protection Agency has assumed that all environmental programs are now adequately funded and that improved management practices can reduce the cost of environmental programs without lowering the quality of environmental protection. Although states have indicated a willingness to assume greater responsibilities for environmental program management, the proposed 20 percent cutback comes at a time when most state budgets are reflecting the twin effects of last year's federal budget cuts and the continued recession. At least two-thirds of the states are experiencing revenue shortfalls from earlier projections. Virtually every state legislature meeting this year has raised taxes and/or made significant cutbacks in government activities while straining to cope with major reductions in federal support for human service programs. At the same time, the states have already absorbed inflation related "budget cuts" in environmental programs, because of relatively flat funding over the past several years and an actual reduction in funding in FY 1982. State environmental program managers have streamlined their programs over the past several years and eliminated inefficiences. This situation increases the difficulty of absorbing even relatively small cutbacks in federal support.

In order to assess the ways in which states will respond to the proposed reductions in federal support, the National Governors' Association Energy and Environment Committee, chaired by Governor Jay Rockefeller (WV), undertook a survey of states' management of environmental programs, in cooperation with the State and Territorial Air Pollution Program Administrators (STAPPA), the Association of State and Interstate Water Pollution Control Administrators (ASWIPCA), and the Association of State and Territorial Solid Waste Management Officials (ASTSWMO). The survey focused on sources of funds for environmental programs, with particular regard to permit fees and other non-federal sources, and on changes in management practices that the states anticipate if federal support is reduced. The survey covers state air program grants under section 105 of the Clean Air Act; water quality management grants under sections 106 and 205(g) of the Clean Water Act; hazardous waste management grants under section 3011 of the Resource Conservation and Recovery Act; and water supply management grants under section 1443 of the Safe Drinking Water Act.

states do not have existing statutory authority to collect permit or processing fees. About 21 states and territories currently charge for air quality permits, but in only 10 are the funds available to the permitting agency. In only 9 states and territories are water quality permit fees available to the permitting agency; only 7 hazardous waste agencies collect and keep permit fees, and only 2 water supply agencies actually keep permit fees. In other states which charge permit fees, revenues are deposited in the state general fund. Indeed, in most states it has historically been considered good public policy to place such revenues in the general fund to avoid the appearance of conflict of interest between regulators and emission sources. Given the budget pressures in most states, collections may not go to the environmental management agency even where permit fee programs are established or fees are increased. See Tables II-V.

o Most states suggest the need to increase their efforts in a number of key for states to develop more vigorous programs in these areas without retrenchment elsewhere. Those areas most frequently mentioned by the states as needing increased effort if federal funds for environmental programs were increased include:

Air: increased toxic emissions control, increased inspections and monitoring, increased enforcement, development of bubble and controlled trading systems, and increased staff for permit processing;

o A significant number of states expect a delay in the time necessary to process and issue permits under federal environmental statutes as a result of the reduction in federal support for environmental program management. In other states, many of which are subject to mandatory time limits for issuing permits, the quality of permit review is expected to decline. About 27 states have indicated they expect the time necessary to issue air permits to increase by an average of about 24%. About 18 states also expect water quality permitting time and about 19 states expect hazardous waste permitting times to increase. These figures are tentative because many states are not yet certain whether or by how much their permit processing time will be increased by cuts in program budgets.

o A large number of state agencies indicate that they are considering completely eliminating, not accepting delegation of, or turning back to the federal government certain important environmental protection activities, particularly in the air program. At least 11 states may eliminate or turn back

Table 1 FY 1982 Federal Support of Environmental Programs
(% of total program costs)

	AIR
ALABAMA	60
ALASKA	53
ARIZONA	48
ARKANSAS	54
CALIFORNIA	10
COLORADO	32
CONNECTICUT	60
DELAWARE	59
FLORIDA	24
GEORGIA	49
HAWAII	59
IDAHO	
ILLINOIS	63
INDIANA	57
IOWA	71
KANSAS	75
KENTUCKY	43
LOUISIANA	44
MAINE	62
MARYLAND	45
MASSACHUSETTS	62
MICHIGAN	38
MINNESOTA	52
MISSISSIPPI	60
MISSOURI	64
MONTANA	68
NEBRASKA	75
NEVADA	52
NEW HAMPSHIRE	74
NEW JERSEY	45
NEW MEXICO	61
NEW YORK	67
NORTH CAROLINA	51
NORTH DAKOTA	51
OHIO	74
OKLAHOMA	63
OREGON	36
PENNSYLVANIA	
RHODE ISLAND	73
SOUTH CAROLINA	49
SOUTH DAKOTA	74
TENNESSEE	40
TEXAS	30
UTAH	75
VERMONT	75
VIRGINIA	44
WASHINGTON	51
WEST VIRGINIA	52
WISCONSIN	51
WYOMING	56
AMERICAN SAMOA	
GUAM	
PUERTO RICO	77
VIRGIN ISLANDS	

Table VI

States' Response to a 20% Reduction in Federal Support

Air Programs

Environmental Program Activity	Eliminate Activity	Reduce Proportionately to Budget Cut or More	Not Reduce Activity
	Number of States		
General Permitting	2	27	12
PSD Permitting	11	21	11
Compliance Determination	1	33	5
Enforcement Against Non-Complying Sources	1	26	13
Toxic Emission Control	7	14	9
Ambient Air Quality Monitoring	1	36	2
Emissions "bubbles"	8	17	9
Emissions "banking"	10	14	4
'82' SIP Development (Stationary)	3	16	3
'82' SIP Development (Mobile)	4	14	3
I/M	4	8	6
Other	0	12	2

ATTACHMENT B

STAPPA | ALAPCO

STATE AND TERRITORIAL
AIR POLLUTION PROGRAM
ADMINISTRATORS

ASSOCIATION OF
LOCAL AIR POLLUTION
CONTROL OFFICIALS

S. WILLIAM BECKER
EXECUTIVE SECRETARY

February 7, 1983

TO: S. William Becker

FROM: Ann Renauer

SUBJECT: Effects of Proposed Budget Cuts on State Air Pollution Control Programs

The following is a summary of the effects of budget reductions on state air pollution control programs for the states of Florida, Kansas, New Jersey, New York, and Texas.

A. Florida

Funding of Air Programs

Air Program	Source of Funds	Appropriation Received/Projected FY82	FY83	FY84
State	State:	$2,636,438	$2,868,813	$2,868,813
	Federal:	$ 902,000	$ 850,000	$ 680,000
	Total:	$3,538,438	$3,718,813	$3,548,813
Aggregate Local (SIP related)	Local:			
	State:	$1,732,556	$1,902,058	$1,902,058
	Federal:	$1,101,200	$1,101,700	$ 881,000
	Total:	$2,833,756	$3,003,758	$2,783,058

In FY1983, the Kansas Bureau of Air Quality and Occupational Health reduced its field enforcement staff by 15%. The reduction in staff is due to inflation and a tight fiscal situation in the state. The result of this has been a decrease in general surveillance activities and minor delays in responding to and resolving complaints. The state will also abandon a voluntary Inspection/Maintenance program in Wichita unless additional federal or local funding is developed.

If federal funds are reduced by the proposed 20% in FY1984, the bureau would likely:

1. Eliminate approximately 20 monitoring sites and most quality assurance activities at remaining stations;
2. Decrease annual scheduled inspections by the state and local agencies by 40%;
3. Decrease general surveillance of non-complying sources by more than 50%;
4. Revoke the newly adopted PSD regulations and shift responsiblity back to EPA; and
5. Cutback general surveillance, which would reduce the agency's effectiveness in "resolving" complaints from 95% to 50% or less.

In FY1984, the state may also be required to take over the monitoring and/or stationary-source enforcement activities from the Wichita local health agency. This is due to the fact that the local agency is having difficulty maintaining its non-federal match of funds.

C. New Jersey

Funding of Air Programs

Air Program	Source of Funds	Appropriation Received/Projected FY82	FY83	FY84
State	State:	$3,763,489	$3,764,328	$3,964,328
	Federal:	$3,180,000	$3,141,805	$2,419,190
	Total:	$6,943,489	$6,906,133	$6,383,518
Aggregate Local (SIP related)	Local:	$ 327,445	$ 368,180	$ 368,200
	State:	-	-	-
	Federal:	$ 420,047	$ 349,727	$ 269,290
	Total:	$ 747,492	$ 717,907	$ 637,490

In FY1983, the State of New York's air pollution control program maintained an activity level comparable to the FY1982 level.

If the proposed 20% cut in federal grants for FY1984 is realized, the state would likely:

1. Reduce monitoring by approximately 50%;
2. Eliminate inspections of most small sources as well as some major sources;
3. Reduce staff by 35-50 people resulting in increased workloads for remaining staff and loss of technical expertise; and
4. Not undertake an emission bubbles or formal emissions banking programs

E. Texas

Funding of Air Programs

Air Program	Source of Funds	Appropriation Received/Projected FY82	FY83	FY84
State	State:	$ 8,608,293	$ 9,252,871	Federal funds unknown at this time
	Federal:	$ 3,990,262	$ 4,109,500	
	Total:	$12,598,555	$13,362,371	
Aggregate Local (SIP related)	Local:	$ 2,217,554	$ 2,488,782	unknown
	State:			
	Federal:	$ 885,000	$ 861,000	
	Total:	$ 3,102,554	$ 3,349,782	

In FY1983, the Texas Air Control Board maintained its program activity at a level comparable to FY1982's.

If the proposed 20% cut in federal funds for FY1984 is realized, the state air program would likely:

1. Reduce monitoring by approximately 20%;
2. Reduce staff by 70 positions resulting in an increased workload for remaining staff;

Association of State and Interstate Water Pollution Control Administrators

TESTIMONY OF
THOMAS P. EICHLER
DIRECTOR OF ENVIRONMENTAL CONTROL
STATE OF DELAWARE

on behalf of the

ASSOCIATION OF STATE AND INTERSTATE WATER POLLUTION CONTROL ADMINISTRATORS

before the

SUBCOMMITTEE ON TOXIC SUBSTANCES AND ENVIRONMENTAL OVERSIGHT
COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

U. S. SENATE

February 16, 1983

Hall of the States • 444 North Capitol Street, NW, Suite 330 • Washington, D.C. 20001 • (202) 624-7782

I am Thomas P. Eichler, Director of Environmental Control for the State of Delaware. As such I have responsibility for administering Delaware's environmental laws and EPA delegated programs for air, water resources, solid and hazardous waste, wetlands, and coastal management.

Today I am representing the Association of State and Interstate Water Pollution Control Administrators (ASIWPCA) of which I am a member of the Board of Direction.

The Association represents State officials who manage and implement the Clean Water Act on a daily basis including the 50 States, 6 Interstate Agencies, 3 Territories and the District of Columbia.

As directors of the States' clean water program, the Association is uniquely qualified to respond to the impacts of the President's Fiscal Year 1984 budget as it impacts the Nation's water quality management effort.

SUMMARY OF BUDGET IMPACTS

ASIWPCA believes the President's budget decrease of Section 106 funding by $30 million or 56% is a serious retreat from the environmental goals of this Nation.

The timing is tragic given the expected increase in State workload. Hard earned, costly progress in water pollution abatement achieved under the Clean Water Act may be lost as the institutional capability to control conventional and toxic discharges erodes. The credibility of the State programs may well be at stake. As a practical matter, States will not know how much 106 funding they are getting for FY84 until October 1 and, in all likelihood, will not actually receive it for several more months.

After a decade of growing maturity, the nation's water quality management program is now facing a crisis. Program delegation to the States for permits and construction grant administration apparently has reached a highwater mark with present gains under severe pressure as the economic climate adversely impacts the water quality program in our State capitols as well as in Washington.

At a time when we would like to be entering a new level of program maturity with greater State-level management flexibility, more application of engineering judgement, and greater attention to water quality impacts in policy-making, we are finding our creativity stymied by unwarranted federal funding reductions. In fact, at a time when our workload is increasing, State water program administrators are struggling to stay even in a period characterized by double-digit inflation, State budget austerity, reductions in force, as well as hiring and salary freezes.

STATE WATER PROGRAMS

The Clean Water Act established a State/Federal partnership to control water pollution. The strategy has been successful -- States now manage 70% of the federal water program. A sustained level of federal funding commitment to State management of the national water pollution abatement policy is vital to the effectiveness of this partnership.

We are embarking upon "phase two," the second decade of water clean up which will be far more complex and challenging than the first:

1. Toxic controls need to be instituted for industrial dischargers using Best Available Technology or BAT as required by the Act. The July 1, 1983 deadline for municipal pretreatment programs is almost upon us. The ability of States to assume this delegation will be impaired by the proposed cut.

2. This next phase will emphasize water quality-based problem solving which includes:

   - Water Quality Standards revisions under the 1981 Amendments;
   - Advanced Treatment justifications;
   - Bio-monitoring; and
   - Toxics controls.

   The change in EPA's Water Quality Standards is timely but, coupled with these other activities, will mean heightened workloads for States.

   A technically sound process must be established for assessing and controlling acute and chronic toxicity on a facility-by-facility basis. BAT technologies may not be sufficient.

   Ironically, EPA's budget priorities seem to be in conflict. While proposing a 56 percent reduction in Section 106 support to States, EPA is proposing a budget increase for itself of 14 workyears and $1.6 million for the Water Quality Standards program to:

   > "...assist States in developing a water quality-based approach to pollution control. The program will work to increase the flexibility of the States, to set criteria and standards and to set attainable uses which reflect local environmental conditions."

   U.S. EPA is reducing effluent guideline resources at a time when States are expected to pick up the ball and implement them -- a resource intensive undertaking.

Increased flexibility, on the one hand but undermined program support on the other, threatens to put States in the precarious situation where "flexibility," coupled with diminishing resources and additional program requirements, may mean a barn door swinging back and forth with every breeze.

3. Second generation needs for operation and maintenance of municipal treatment plants going on line to assure their return on the taxpayers investment and compliance with NPDES permits means many new State-level management priorities. Operator training and licensing, plant inspections, trouble-shooting technical assistance to plant operators, and compliance monitoring are growing workloads for responsible State water quality managers. This is a modest price to pay for protecting the $40 Billion investment being made in these municipal plants.

FUNDING ALTERNATIVES

It is suggested in the Administration's budget request that other alternatives are available to offset the 56 percent proposed reduction in Section 106 funds, including:

- substituting funds from Sections 205(g) and 205(j) of the Clean Water Act;
- insitution of permit fees by States; and
- more efficient State management.

Let's look at these one by one:

1. 205(g) and 205(j)

Although 45 States presently are participating in the construction grants management program under Section 205(g) many State programs require the entire amount of 205(g) funds to run the construction grants program itself. In that context, States must have a "nest egg" to manage projects to completion once the authorization ceases. Those few States having limited funds available for more than construction grants must target them to some limited purposes in accordance with the law (NPDES, dredge and fill, areawide planning). In addition, States over the past few years have become increasingly dependent on 205(g) freed up funds to make up for previous losses in the declining Section 106 funds where buying power has been substantially eroded by inflation.

The new 205(g) funds, made available as a result of the 1981 construction grants Amendments, are intended to replace -- at a greatly reduced level -- the areawide planning and non-point source control work formerly funded under Section 208 of the Act. Section 205(j) eligibilities are very limited and do not include toxics permitting compliance and enforcement. The law and EPA, in its subsequent guidance, almost literally has given priority to Water Quality Standards areawide planning agencies for the use of these funds within a State. This, coupled with the significant reduction of areawide funding available under this section, is producing a politically involved completion of 205(j) funds in many States. In addition, regional agencies such as river basin commissions are bidding for a share of these funds. In Delaware, for example, half of our initial 205(j) funds were passed through for areawide use. I am indeed fortunate since few States (10) have been able to obtain 205(j) funding.

In conclusion, regarding these two funding sections, it must be kept in mind that they represent percentages of a State's construction grant allocation set aside for limited special purposes which is only authorized through Fiscal Year 1985.

In short, opportunities to substitute 205(g) and (j) funds are limited in the near term and uncertain in the long term. The Administration's recommended approach is not a viable approach.

2. STATE PERMIT FEES

EPA has been a consistent advocate of fees for State-issued environmental permits. According to a State-by-State survey which EPA recently provided to me, 20 States presently have fees for water quality permits and three more are planning to establish them.

Most States feel there is a legitimate role for fees in the revenue picture for funding water quality programs, but it is at most a modest supplement to the major sources of State appropriations, and EPA grants for delegated programs.

In Delaware, for example, where we anticipate establishing a schedule of fees for all of our environmental permits this month, we estimate that fee revenue will amount to less than 10 percent of our annual operating budget, while State appropriations are expected to contribute 44 percent, with federal grants contributing 48 percent -- that is assuming that the federal grants stay at 1982 levels.

In short, our fee schedule is intended to fill the gap between level federal program support and rising operating costs. Under Delaware's proposed fee schedule, NPDES permits will have fees ranging from $250 to $2500 annually. To even set fees at this level, particularly in today's economic climate, is a very difficult and time consuming task. To suggest that fees could play a more significant role in the near future is unrealistic. For example -- to cover the 56 percent reduction in our 106 base allocation I would have to increase Delaware's proposed NPDES fees by at least 150 percent to run from $625 to $6,250 -- which is out of the question.

3. INCREASE STATE EFFICIENCY

In spite of optimistic claims that EPA grant cuts "reflect reduced administrative requirements, fewer regulatory demands, refined priority setting," States have yet to realize any significant reduction in workload. If anything, the opposite is true.

Additional flexibility, use of "best engineering judgement" and EPA's "managing for environmental results" initiative all appropriate but impose greater challenges at the State level.

As the most mature environmental program, water has taken many economy measures over the last five years with increased responsibilities and constant funding. In fact, ASIWPCA, in May of 1979, developed its Recommendations for an Improved National Water Quality Program, to detail streamlining measures that could be instituted to assure a more efficient, cost-effective clean water program. With many of these recommendations in place, the program is now quite efficient and incredibly lean.

Substantial reductions will force States to curtail fundamental components of a balanced water program. A 56% cut translates directly into State personnel support to the National clean water program. Enforcement, monitoring and permit issuance (especially of federally owned facilities) which constitutes 94% of the 106 program, will obviously be most affected.

RECOMMENDATIONS

1. Level Funding

The ASIWPCA supports the position of the Nation's Governors which calls for State grant funding for all environmental programs to be maintained at the FY82 level. This is essential to maintain a State water program and meet increasing program responsibility. The FY83 appropriation was $54.2 million with the President's budget calling for a 56% reduction -- only a $24 million appropriation.

2. Restore Stability

The States are commited to the concept of a national water quality program with maximum State implementation and meaningful EPA overview as envisioned under the Clean Water Act. States, however, cannot make meaningful program plans or budgets as long as there is no agreement on the long-term role of federal grants in support of the national program.

Congress should investigate the cost of administering the Clean Water Act under delegation to the States in contrast to a federally managed program. This is vital to restoring some element of stability to our State water program in the years immediately ahead.

ASIWPCA would encourage the Committee to examine the implications and resource requirements of the States' returning currently delegated programs to the U.S. EPA. ASIWPCA would be pleased to assist the Committee with this effort if such an activity is deemed appropriate.

Thank you for this opportunity to come before the Subcommittee.

Association of State and Territorial Solid Waste Management Officials
444 North Capitol Street, N.W. • Washington, D.C. 20001 • 202-624-5828

Statement of

RICHARD VALENTINETTI

President

On

ADMINISTRATION'S FY84
BUDGET

before the
SUBCOMMITTEE on Toxic Substances and
Environmental Oversight

February 16, 1983

Good morning, Mr. Chairman and members of the subcommittee, I am Richard Valentinetti, Director of the Air and Solid Waste Division of Vermont's Agency of Environmental Conservation and President of the Association of State and Territorial Solid Waste Management Officials. I am here today to testify on the impact the Administration's proposed FY84 budget cuts will have on the states' waste management programs.

As you have heard from the representatives for the State Legislatures and the Governors, the States are suffering severe economic hardships caused by the present national recession. Many States are unable to maintain baseline services and are not able to implement planned new, more sophisticated methods for environmental protection. This delay in planned environmental programs caused by combined State and Federal cuts is of particular concern to this nation's solid and hazardous waste management officials.

As you know, this country's waste management programs were created in 1976 with the passage of the Resource Conservation and Recovery Act (RCRA). The enactment of PL 94-580 was heralded at the time as a major step toward resolving many of the solid waste management problems facing all levels of this nation's government. Congress had found that hazardous and non-hazardous wastes have a tremendous impact on our public health, welfare and environment as well as on supplies of materials and energy. Careful management of the disposal of these wastes and recovering or conserving materials contained in these wastes were outlined in this important legislation.

Built upon the experiences of the Clean Air and Clean Water Act implementations, the RCRA program depends on gradual delegation of the hazardous and solid waste programs to the States. A State with an existing hazardous waste program could receive interim authorization until it developed its own program equivalent to the existing Federal program--final authorization. 35 States have assumed the initial responsibility for the regulation of generators and transporters (Phase I Authorization) and 8 States have been approved by U.S. EPA to conduct permitting activities. As the orderly takeover of the Federal program proceeds, the States must assume more in-house responsibilities and capabilities. Many of these are quite resource intensive.

Projected simultaneously onto this timeline are increasing costs of this program development coupled with general decreasing State resources. Moreover, the RCRA program was conceptualized at its inception to consist of a three-pronged attack on waste with Federal-State Grants for resource recovery programs, solid waste programs under Sub-title D, and hazardous waste programs under Subtitle C. Resource recovery program funds were eliminated September 30, 1980. Subtitle D grants were zeroed out for FY81. Though the Federal Government fiscally has "bailed out" of these programs, the States have supported a level of effort in these areas to carry out Congressional intent. Subtitle C grants have had some minor increases, but it has been to the financial detriment of other waste efforts. Though the proposed FY84 budget of $42.5 million is only down $1.6 million from FY 83 and appears to be a modest decrease as compared

TO OTHER ENVIRONMENTAL PROGRAMS, IT HAPPENS AT A CRITICAL JUNCTURE IN THE DEVELOPMENT OF A CONSISTENT NATIONAL PROGRAM IMPLEMENTED BY STATES.

THE STATES ARE CONCERNED ABOUT PAST AND CURRENT BUDGET OUTS. THE ESSENCE OF THE PROBLEM FACING THE STATES IN 1980 AND STILL FACING THE STATES IN 1983 IS THIS: THE FEDERAL GOVERNMENT UNDER RCRA MANDATED AND ENCOURAGED STATES TO ASSUME FULL RESPONSIBILITY FOR WASTE PROGRAMS; HOWEVER, THIS MANDATE HAS BEEN UNREALISTICALLY COUPLED WITH EVAPORATING FEDERAL FINANCIAL SUPPORT TO CARRY OUT THOSE PROGRAMS.

WHY DOES THIS NATION'S HAZARDOUS WASTE PROGRAM DEMAND AN INCREASING FUNDING LEVEL UNLIKE THE WATER AND AIR PROGRAMS? THE HAZARDOUS WASTE PROGRAM IS IN ITS INFANCY. IT IS NOT A MATURE PROGRAM, WITH STANDARDS ESTABLISHED, ADEQUATE LABORATORY FACILITIES AVAILABLE, EXPERIENCED PERSONNEL IN THE FIELD, AND A DEFINED ADMINISTRATIVE PROGRAM. FOR THAT REASON, THE RCRA PROGRAM WILL BECOME, FOR THE NEXT SEVERAL YEARS, INCREASINGLY RESOURCE INTENSIVE. FOR EXAMPLE, IN FY81 EPA ESTIMATED THAT THE STATES USED 363 WORK YEARS FOR PERMITTING. THE SAME DOCUMENT PREDICTED THAT IN FY84, PERMITS BY THE STATES WILL DEMAND 2375 WORK YEARS -- 6.5 TIMES MORE WORK. TO AMPLIFY THIS CONCERN, THE STATE OF MASSACHUSETTS PRESENTLY EMPLOYS 75 PERSONS TO PERFORM HAZARDOUS WASTE TASKS. THE STATE ESTIMATES, BASED ON EPA CRITERIA, THAT AN ADDITIONAL 145 PERSONS (FOR A TOTAL OF 220) WILL BE NECESSARY WHEN THE PROGRAM IS FULLY IMPLEMENTED. WHERE ARE THESE RESOURCES TO COME FROM? WITH THE REALITY OF LEVEL FEDERAL FUNDING AT BEST, STATES HAVE SOUGHT AND RECEIVED INCREASED STATE HAZARDOUS WASTES GENERAL FUNDS FOR THIS NEEDED PROGRAM IMPLEMENTATION. THE STATES HAVE SOUGHT ALTERNATIVE FUNDING MECHANISMS SUCH AS THE UTILI-

ZATION OF PERMIT FEES TO OFFSET COST. THE STATES ARE PARTICIPATING FINANCIALLY IN THIS EFFORT AT A GREATER LEVEL AND YET THE ADMINISTRATION PROPOSES A CUT TO THIS PROGRAM.

IT IS NOT JUST IN THE AREA OF PERMITTING IN WHICH THE STATES WILL NEED ADDITIONAL MONIES. DURING THE SAME TIME FRAME, MANPOWER DEMANDS WERE PREDICTED TO INCREASE 25% IN ORDER TO ASSURE COMPLIANCE WITH THE REGULATIONS AND/OR PERMIT CONDITIONS AND MANIFEST SYSTEM ACTIVITIES. THIS DOES NOT INCLUDE GENERAL PROGRAM ADMINISTRATION INCLUDING THE ONGOING RESPONSE NECESSARY TO UPDATE DELEGATION FROM U.S. EPA AS CHANGES ARE MADE TO THE PROGRAM.

AN EXAMPLE OF WHAT WOULD HAPPEN TO A STATE PROGRAM IF ALL FEDERAL FUNDS EVAPORATED WAS DEMONSTRATED BY THE FY81 ELIMINATION OF SUBTITLE D FUNDING. THE SUBTITLE D ASSISTANCE FUNDS PROVIDED PREVIOUSLY UNDER RCRA ALLOWED THE STATES TO IDENTIFY AND CATEGORIZE THEIR INDIVIDUAL SOLID WASTE PROBLEM AREAS AND TO BEGIN DEVELOPMENT OF THEIR NON-HAZARDOUS SOLID WASTE MANAGEMENT PLANS FOR THE CORRECTION OF THESE PROBLEMS. A COMPONENT OF THIS PROCESS WAS FUNDING A NATIONAL OPEN DUMP INVENTORY (ODI), THE FIRST APPLICATION OF A NATIONAL DEFINITION OF A DUMP IN ALL STATES. THE ODI HAS BEEN FAR MORE COSTLY AND TIME CONSUMING THAN ORIGINALLY ANTICIPATED -- AND IT IS STILL NOT COMPLETE. A RECENT SURVEY BY ASTSWMO HAS SHOWN THAT 23 STATES HAVE COMPLETED THEIR OPEN DUMP INVENTORY; 24 HAVE NOT; AND 21 OF THOSE 24 STATES WILL NOT BE ABLE TO COMPLETE THE ODI BECAUSE OF FISCAL CONSTRAINTS. THE STATES HAVE REVERTED BACK TO A PROBLEM ORIENTED PROGRAM RATHER THAN A COMPREHENSIVE SOLID WASTE MANAGEMENT PROGRAM APPROACH.

AS YOU CAN SEE, THE STATES HAVE NOT BEEN ABLE TO PROVIDE THE FUNDING TO CARRY OUT THE MANAGEMENT ACTIVITIES NECESSARY TO COMPLETE

THE OPEN DUMP INVENTORY AND TO PHASE OUT OR BRING UP TO COMPLIANCE THOSE OPEN DUMPS THAT FAILED THE CRITERIA FOR GOOD OPERATING SANITARY LANDFILLS. THIS IS MOST UNFORTUNATE SINCE MANY OF THESE OPEN DUMPS IN EFFECT HAVE BECOME OR WILL BECOME REPOSITORIES FOR HAZARDOUS WASTES. INDEED, WITH THE SMALL GENERATOR EXEMPTION UNDER SUBTITLE C OR RCRA, UNMANIFESTED HAZARDOUS WASTES ARE BEING ROUTED TO MUNICIPAL AND PRIVATE SOLID WASTE FACILITIES. SERIOUS CONSEQUENCES -- SUCH AS POLLUTION OF THE SOIL, SURFACE WATER AND GROUNDWATER -- COULD BE THE RESULT OF NOT PHASING OUT OR UPGRADING THESE OPEN DUMPS.

ASTSWMO HAS FOUND THAT USER FEES HAVE NOT BEEN USED TO REPLACE LOST FEDERAL FUNDS UNDER SUBTITLE D. (THERE IS SOME RELUCTANCE ON THE PART OF STATE GOVERNMENT TO UTILIZE USER FEES TO FUND STATE PROGRAM ACTIVITIES AS SUCH FEES ARE PASSED BACK TO LOCAL GOVERNMENT IN PERFORMING ITS GOVERNMENTAL FUNCTION.) THUS, ENFORCEMENT OF NON-HAZARDOUS SOLID WASTE REGULATIONS HAVE BEEN SLOWED, AND SURVEILLANCE OF LANDFILLS HAS DECREASED. FROM FY81 TO FY82 SOLID WASTE ENFORCEMENT STAFFS WERE CUT BY 85.5 PEOPLE IN 12 STATES AND TECHNICAL PROFESSIONALS WERE CUT BY 40 IN 6 STATES.

THE HISTORY OF SUBTITLE D FUNDING DEMONSTRATES THAT WHEN FEDERAL FUNDS ARE DELETED DURING A PERIOD OF INCREASING STATE RESPONSIBILITIES AND DECREASING STATE RESOURCES, THE PROGRAM SUFFERS. LIMITED STATE MONIES ARE FUNNELED TO HAZARDOUS WASTE/SUPERFUND REQUIREMENTS IN ORDER TO OBTAIN MATCHING FEDERAL FUNDS; WHERE NO MATCHING FUNDS ARE AVAILABLE ONLY THE MORE AFFLUENT STATES (OR THOSE WITH THE FEWEST PROBLEMS) MAY PARTICIPATE. THIS PROBLEM COMPOUNDS ITSELF -- BY NOT INVENTORYING OPEN DUMPS, BY NOT UPGRADING OR CLOSING EXISTING SUB-

STANDARD SOLID WASTE FACILITIES, POTENTIAL SUPERFUND SITES ARE ENCOURAGED. THE LOSS OF THESE FUNDS IS MUCH LIKE CUTTING MONIES FOR PREVENTATIVE CARE. THE COST IS SMALL INITIALLY, AND THE PAYOUT IS SAVING MILLIONS OF DOLLARS NECESSARY TO CLEAN UP CONTAMINATED SITES.

YET STATE GRANTS ARE NOT THE ONLY CUT IN THIS ADMINISTRATION'S FY84 BUDGET WHICH IMPACTS THE DELEGATION AND IMPLEMENTATION OF RCRA. PROPOSED FUNDING FOR THE HAZARDOUS WASTE RESEARCH PROGRAM WILL BE REDUCED BY 5.6 MILLION AND 10 PERMANENT WORKYEARS -- THAT IS A 20% DECREASE! THOSE BUDGET CUTS WILL DELAY FORMULATION OF A SOUND AND TECHNOLOGICALLY DEFENSIBLE POLICY AND HINDER ENFORCEMENT ACTIONS BY THE REGULATORS AS WELL AS DELAYING THE ESTABLISHMENT OF CRITERIA FOR FACILITIES OR REMEDIAL ACTION ACTIVITIES UNDER SUPERFUND.

A CRITICAL UNMET NEED UNDER THIS PROPOSED RESEARCH BUDGET IS LABORATORY MEASUREMENT GUIDELINES FOR WASTE CHARACTERIZATION AND MONITORING FACILITIES, ASTSWMO'S STATE MEASUREMENT NEEDS STUDY, PERFORMED FOR THE NATIONAL BUREAU OF STANDARDS, CLEARLY SHOWS THE NEED FOR ACCELERATED RESEARCH AND DEVELOPMENT FOR LABORATORY AND FIELD TEST METHODS AND PROCEDURES, WITHOUT THIS, FORMULATION OF RCRA QUALITY ASSURANCE STANDARDS CANNOT BE ACHIEVED. WITHOUT AN EFFECTIVE FEDERAL RESEARCH PROGRAM, A NATIONAL COMPREHENSIVE RESEARCH AND DEVELOPMENT FOR HAZARDOUS WASTE MANAGEMENT WILL NOT OCCUR. THE STATES CANNOT AFFORD TO FINANCE AND TO COORDINATE ACTIVITIES IMPORTANT TO NATIONAL STANDARDS. SUCH A STATE BY STATE APPROACH TO RESEARCH WOULD PROVE BOTH COSTLY AND DUPLICATIVE. AN EXAMPLE OF THE RESOURCES AVAILABLE THROUGH STATE RESEARCH FUNDING SHOULD PROVE INSTRUCTIVE. ONE OF THE ASTSWMO OFFICIALS EXPRESSED PRIDE RECENTLY IN HIS STATE'S

SETTING ASIDE MONIES FOR HAZARDOUS WASTE RESEARCH. HE TELLS ME THAT FEW STATES HAVE THE FISCAL FLEXIBILITY TO EARMARK FUNDS FOR RESEARCH AND DEVELOPMENT. YET, HIS STATE, EVEN WITH IMPORTANT EMPHASIS ON RESEARCH, HAS ONLY $300,000 IN ITS ANNUAL BUDGET. PLEASE KEEP IN MIND THAT SUCH A SUM REPRESENTS ONLY A HANDFUL OF RESEARCHERS FOR A FIELD THAT REQUIRES EXPENSIVE, STATE-OF-THE-ART LABORATORY EQUIPMENT AND HIGHLY TRAINED PERSONNEL.

RESEARCH IS A PROPER FEDERAL FUNCTION. THE STATES DO NOT HAVE ADEQUATE STAFF NOR RESOURCES TO SUPPORT SUCH PROGRAMS. THE STATES ARE RESPONSIBLE FOR UTILIZING NATIONALLY DEVELOPED INFORMATION CONTAINED IN STANDARDS AND FOR MONITORING THESE STANDARDS. BUILDING ON THESE RESULTS, THE STATES ARE RESPONSIBILE FOR ENFORCEMENT AND COMPLIANCE ACTIVITIES.

IN CLOSING, IF CUTS IN THE NATIONAL HAZARDOUS WASTE PROGRAMS CONTINUE TO OCCUR, THE STATES WILL REPRIORITIZE THEIR WASTE MANAGEMENT ACTIVITIES AS THE FUNDING DECREASES TO MAINTAIN PROTECTION OF THE PUBLIC HEALTH AND ENVIRONMENT. YET, JUGGLING OF LIMITED FUNDS, REARRANGING MONIES INTO DIFFERENT SLOTS AS FEDERAL MATCHING FUNDS APPEAR OR DISAPPEAR, IS ONLY A STOPGAP REMEDY. ASTSWMO SUPPORTS A THOUGHTFUL, LONG-RANGE FEDERAL DECISION TO ADEQUATELY FUND THE RESEARCH NEEDED FOR DETERMINING WHICH CHEMICALS ARE HAZARDOUS AND HOW TO MEASURE SUCH TOXICS, TO ADEQUATELY FUND THE INVENTORIES NECESSARY FOR GOOD STATE REGULATORY DECISIONMAKING, AND TO ADEQUATELY FUND STATE PROGRAMS SO THAT SUCH PROGRAMS WILL NOT BECOME VICTIMS OF ECONOMIC PROBLEMS. HAZARDOUS WASTE MANAGEMENT IS A WORTHY INVESTMENT. IT IS THE KEY TO TURNING OFF THE TAP ON FUTURE SUPERFUNDS AND PREVENTING HARM TO THIS NATION'S PUBLIC AND TO THIS COUNTRY'S ENVIRONMENT.

THANK YOU.

STATE OF FLORIDA
DEPARTMENT OF ENVIRONMENTAL REGULATION

TWIN TOWERS OFFICE BUILDING
2600 BLAIR STONE ROAD
TALLAHASSEE, FLORIDA 32301-8241

BOB GRAHAM
GOVERNOR

VICTORIA J. TSCHINKEL
SECRETARY

February 23, 1983

Mr. James Brown
President
Association of State and Interstate
  Water Pollution Control Administrators
444 North Capitol Street, N. W.
Suite 330
Washington, D. C. 20001

Dear Mr. Brown:

Thank you for the opportunity to comment on the Administration's proposed 56 percent reduction of Section 106 funding.

Although Section 106 funds account for only about ten percent of our water program funds, a 56 percent reduction would result in a direct dollar-for-dollar cutback in staffing by approximately twenty positions.

Section 106 funding has remained essentially level for many years. The grant funds have not increased at the same rate as inflation and annual salary increases. Since our Legislature funds only the state's share of salary increases, it becomes increasingly difficult each year to maintain full employment with available funds. For several years, we have had to maintain vacancies in order to meet payrolls.

Declines in state revenue collections in the past year have required across-the-board funding reductions by all state agencies. In order to meet these reductions without personnel layoffs in already understaffed programs, we have drastically reduced travel and capital outlay expenditures. In addition, the 106 funds freed by the assumption of the 205(g) program were required to make up the balance of the cutback. Through the use of these measures, and by maintaining an agency-wide vacancy rate of ten percent, we have avoided layoffs thus far. Cuts in 106 funding, though a small percentage of our total program cost, will force us into a layoff situation and subsequent determination of environmental programs.

AN EQUAL OPPORTUNITY / AFFIRMATIVE ACTION EMPLOYER

Section 205(j) funding is not a remedy to the problem since those funds are limited to use for planning and cannot be used to fund permitting or enforcement personnel. It would also be difficult to secure legislatfve approval for extending or establishing positions in a time of severe budget cutbacks. The Administration should also be reminded that the Section 205(j) regulations strongly suggest the use of these funds to continue Section 208-related activities by regional planning councils. Any efforts by the department to use these funds solely for internal purposes would meet with considerable resistance.

Needless to say, we are strongly opposed to any reduction in 106 funding. Cutbacks at the state level have already forced us to maintain vacancies in critical areas and further funding reductions will aggravate an already serious situation.

Sincerely,

Victoria J. Tschinkel
Secretary

VJT/lb

MISSOURI DEPARTMENT OF NATURAL RESOURCES
P.O. Box 1368 , 2010 Missouri Blvd. Jefferson City, Missouri 65102 (314) 751-3241

February 16, 1983

Association of State and Interstate Water
Pollution Control Administrators
Hall of the States
444 North Capitol Street, NW
Suite 330
Washington, D. C. 20001

ATTENTION: Lin Eichmiller

Dear Ms. Eichmiller:

Attached is Missouri's analysis on the impact of the Reagan Administration's proposed 56% reduction in 106 funding for FY 84 which we telefaxed you yesterday. I hope the information was of assistance for ASIWPCA's Congressional testimony.

If you have questions on it, please call.

Sincerely,

Charles A Stiefermann

Charles A. Stiefermann, P. E.
Director of Staff
Missouri Clean Water Commission

CAS/ls

attachment

Christopher S. Bond Governor
Fred A. Lafser Director

Division of Environmental Quality
Robert J. Schreiber Jr., P.E. Director

MISSOURI DEPARTMENT OF NATURAL RESOURCES
WATER POLLUTION CONTROL PROGRAM FUNDING ANALYSIS
2-14-83

The following is an analysis of the impact on Missouri of the proposed Reagan Administration's budget request which reduces Section 106 funding by 56% for FY 1984.

Background

	106 Funding	Missouri General Revenue Funding	Total
FY 81	$860,000	$297,000	$1,157,000
FY 82	$899,000	$274,000	$1,173,000
FY 83	$960,000	$269,000	$1,229,000
FY 84	$417,500	$256,000 (Gov's. request)	$ 673,500

The State of Missouri experienced a 13% overall reduction in general revenue in FY 82 and an additional 10% in FY 83 due to the depressed economic conditions. Although the general revenue appropriation for 106 match did not equate to that level of cuts, it is unrealistic to believe that any increases in general revenue appropriations will be available for the water pollution control program in the foreseeable future, when it will have to compete with educational and social programs which were cut by the generally reduced amounts of 13% and 10%.

In FY 82 Missouri began using 205(g) funds to support a limited portion of the NPDES permitting activity. This is being continued in FY 83.

205(g) funding to support any significant non-construction grant related work in the future, will not be possible without seriously jeopardizing the integrity of the program for closing out ongoing construction grant projects should Construction Grants be terminated as the Administration currently plans.

205(j) funding from FY 82 funds has already been committed to water quality management planning studies to be conducted by outside contractors. Plans for use of FY 83 funds are being developed in a similar manner.

205(g) and 205(j) funds are a percentage of the construction grant appropriation. If there is no construction grant appropriation, there are no funds available.

Missouri passed a constitutional amendment (Hancock Amendment) which severely limits the states taxing and spending authority. Fees for administration of the program would have to be approved by a vote of the people. The Municipal League and other organizations are opposed to fee proposals and it is extremely unlikely that fees can be implemented in the foreseeable future.

The Missouri legislature passed a bill in FY 82, authorizing separate State wastewater construction grants. The Water Pollution Control Program is responsible for carrying out this program. No increased general revenue funding was provided for administering this program. This further exemplifies our General Assembly's position that increased general revenue funding for program operation is not likely to occur.

In FY 84 Missouri will assume the delegated Construction Grant activities currently performed by the Corps of Engineers.

Section 106 and the matching General Revenue funds, form the core for the water pollution control effort in Missouri. This includes funding for planning, water quality monitoring and analysis, state grants management, NPDES permit administration including inspection and enforcement, operator training and certification, pretreatment, and emergency response.

Missouri supports the NGA and ASIWPCA position for maintaining 106 funding, as a minimum, at the FY 82 level.

EPA is on record as requesting expanded state effort for the proposed municipal compliance strategy, improvement of PCS computer data, and an improved and expanded inspection and compliance program.

Reductions of 106 funding will result in significant reductions in inspections, and compliance enforcement activites, since these are the areas where most of the funding is currently being used.

The idea of reliance on self-monitoring reports to replace state inspection and samplings has been advanced. Much of the self monitoring data received in Missouri is of questionable validity. We do not believe this is a viable alternative to state inspection and sampling to insure compliance.

In summary, stable 106 funding is the lifeblood for a continuing stable water pollution control effort in Missouri. No alternate sources of funding are available. Reductions in funding, will directly result in reduced water pollution control effort, primarily in the inspection and compliance enforcement areas.

RECEIVED
FEB 15 1983
ENVIRONMENTAL CONTROL
DIRECTOR'S OFFICE

TENNESSEE DEPARTMENT OF PUBLIC HEALTH
Environmental Management and Quality Assurance Administration
T.E.R.R.A. BUILDING
150 NINTH AVENUE, NORTH
NASHVILLE, TENNESSEE 37203

February 11, 1983

Mr. Thomas P. Eichler, Director
Division of Environmental Control
Department of Natural Resources and
Environmental Control
P. O. Box 1401
Dover, Delaware 19901

Dear Mr. Eichler:

We in the State of Tennessee are deeply concerned about the Environmental Protection Agency's proposed budget cuts in the water pollution control (Section 106) grants to states. The proposed cuts this year are even greater than last year's proposed cuts which, fortunately, were restored by Congressional action.

During the past few years our 106 program has suffered from increased federal regulations without increased federal funding. This trend continues; for example, the proposed revisions to the water quality standard regulations will place a heavy administrative and financial responsibility on the states without providing any resources; instead, proposing massive cuts in federal support.

Tennessee has suffered a tremendous shortfall in state revenue collections which has adversely impacted our pollution control program and other federally delegated programs. A further degradation in federal support would be critical and will result in environmental degradation through our inability to regulate water quality. Tennessee is especially impacted by having more interstate traffic of hazardous waste than any other state. We feel there is a federal responsibility for providing financial support to environmental programs in the states.

We support the efforts of ASIWPCA and others to maintain the federal responsibility of providing financial support to state water programs.

Sincerely,

D Elmo Lunn

D. Elmo Lunn
Director
Division of Water Quality Control

DEL:pm

MISSISSIPPI DEPARTMENT OF NATURAL RESOURCES
Bureau of Pollution Control
P. O. Box 10385
Jackson, Mississippi 39209
(601) 961-5171

February 22, 1983

Ms. Robbi J. Savage, Executive Director
Association of State and Interstate Water
Pollution Control Administrators
444 North Capitol Street, NW, Suite 330
Washington, D. C. 20001

Dear Ms. ~~Savage:~~ Robbi -

Attached is our impact analysis of the proposed 56% reduction in FY'84 Section 106 funds.

Please advise if we can be of further assistance in this regard.

Very truly yours,

Charles

Charles H. Chisolm
Bureau Director

CHC:JF:cm
Attachment

Mississippi Department of Natural Resources
Bureau of Pollution Control
Analysis of Proposed FY'84 Section 106 Funding

The President's FY'84 budget proposes to reduce Mississippi's Section 106 Grant from $800,000 in FY'83 to $348,100 in FY'84. This cut of $451,900 or 56.5% would obviously require substantial adjustments in the way we currently discharge program responsibilities as described below.

First of all, we would seek to minimize the adverse impact of this cut by transferring activities from 106 to 205(g) and 205(j) funding. Although some relief in eligible activities would be realized from available 205(g) funds, we are currently overspending the 205(j) funds available in FY'83 and would derive no benefit from that funding source.

After these activity transfers we would have little choice but to reduce program staff since supportive services have long since been reduced to an absolutely minimal level. Since the program is comprised mainly of permitting and enforcement activities this is where the preponderance of personnel reductions would occur. Peripheral activities would also be reduced but savings would be minor.

The obvious and unavoidable result of such staff reductions would be poorer compliance overview, reduced and delayed enforcement response and less reliable monitoring data for decision making. Since EPA would also lack needed funds to replace our loss of capability, we would lose our credibility as effective regulators and facility compliance rates would deteriorate from the present level.

If forced into this predicament by financial constraints it would be very difficult to again reach the degree of success we currently enjoy in administering the requirements of the Water Pollution Control Act, PL 92-500.

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STATEMENT OF EPA POLICY CONCERNING DELEGATIONS TO STATE AND LOCAL GOVERNMENT

Federal environmental programs were designed by Congress to be administered at the State and local levels wherever possible. The clear intent of this design is to use the strengths of Federal, State, and local governments in a partnership to protect the nation's air, water, and land. State and local governments are expected to assume primary responsibility for the implementation of national programs, while EPA is to provide national environmental leadership, develop general program frameworks, establish standards as required by the legislation, assist States in preparing to assume responsibility for program operations, and ensure national compliance with environmental quality standards.

This Administration's policy, consistent with the intent of Congress, is to transfer the administration of national programs to State and local governments to the fullest extent possible. In delegating programs to States, EPA's practices will reflect our recognition that the ability of State and local governments to implement Federal environmental programs has improved over the past ten years. By "delegation," I am referring to what is legally called "authorization" or "approval." This means the assumption by a State or local government of responsibilities which, in the absence of such action, would rest with the Federal government.

With the recent advances in State and local capabilities to administer environmental programs, it is less and less appropriate for EPA to continue to directly carry out day to day operations which overlap State and local activities. However, delegation of responsibilities to State and local governments is more than a means to avoid duplication in the provision of government services. Delegation means a return of decision-making authority to a level of government which is closer to the people whose lives are actually touched by these decisions.

The purpose of this statement is to guide and direct EPA employees in the Agency's many locations and programs as they participate in making the many individual decisions which affect delegations to States. This statement cannot, by itself, settle all issues surrounding delegation, many of which are complex matters of law and interpretation. However, it does identify the general approach which the Agency will take in resolving such issues.

EPA expects to use the following program approaches and methods to carry out this delegation policy.

1) Treat Delegation Requests As Made In Good Faith

In reviewing applications for delegation, the legislative intent of delegation will be given the fullest and highest priority. Delegation requests should be deferred only when

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a State or local agency clearly fails to meet the minimum legal requirements for program assumption. When these minimum requirements are met, the Agency will assume that the State is capable of or can achieve the capability of implementing a sound environmental program.

2) Provide Direct Help In Developing State Programs

Where a State or local agency lacks the authority or technical capacity to assume a delegable program, EPA will provide direct support and assistance to States. Top EPA managers should meet on a regular basis with their State counterparts to assess progress and identify and resolve problems before State programs reach the final review and approval process. In particular, it is important for EPA counsel to cooperate with State Attorneys General in assessing the adequacy of State authority and any changes that might be necessary. Early and active direct involvement will help EPA understand State concerns with federal programs and assist both parties in reaching mutually agreeable resolution of differences.

3) Revise Regulations As Needed

The program offices, in consultation with the States, will examine existing EPA regulations to determine where impediments to delegation exist. Once problems are identified, program offices will propose and aggressively pursue regulatory improvements which will allow greater flexibility, consistent with statutory requirements and goals. In a few cases it may be necessary to propose statutory changes. EPA will actively involve its State partners as full participants in decision-making affecting the structure and direction of environmental programs.

4) Be Flexible

While EPA must carry out its legal obligation to ensure that statutory and regulatory requirements are met, the Agency should adopt a more flexible approach to assessing the adequacy of State authority to meet federal statutory and regulatory requirements for delegation. EPA counsel should interpret the regulations, wherever the law allows, to increase the flexibility available to State and local governments. Determining the effectiveness of a State's program should focus on environmental results rather than procedures which are not legally required. EPA will not demand as a condition for delegation that federal programs, once delegated to the States, be administered in precisely the same way in each State. Nor will the Agency expect States to adopt the same manner of administering a program that EPA itself would choose.

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5) Streamline Agency Review Procedures

EPA will establish and adhere to review schedules in order to avoid unnecessary delays. There will also be an internal commitment between Headquarters and the Regional Offices to improve communications, develop an efficient means to resolve conflicts, and eliminate duplicate review procedures.

EPA will speak with one voice when reviewing State applications for delegation. Headquarters and Regional offices should provide a single set of comments to States. Resolution of disputes among EPA offices is a shared responsibility and should be accomplished with no unreasonable delays. Moreover, in reviewing delegation applications, EPA will exercise appropriate judgment to ensure that our comments focus on truly important matters.

The easiest way to avoid needless delays is for all responsible offices to be involved early in reviewing a State's application with State officials. Early identification of significant issues is vital. Moreover, I expect each Headquarters program office to have specific, realistic deadlines for the review of delegation applications and to track them so they are met. Once these deadlines are set they should be observed. We need to be able to tell a State, at any point, where its delegation application stands, what issues are under consideration, and when EPA will provide a definitive answer.

6) Use Incentives To Encourage Delegation

EPA will exercise available incentives to encourage delegation. This may take such forms as providing assistance in difficult enforcement cases, detailing personnel to give technical assistance to a State in preparing for delegation, and using program grants to encourage State assumption of delegation responsibilities.

EPA POLICY ON OVERSIGHT

EPA's policy to delegate management responsibilities for environmental programs to State and local agencies carries with it a corresponding EPA responsibility to oversee the conduct of delegated environmental programs under Federal statute. EPA's function in this role is to support the development of sound environmental programs. The purposes of EPA oversight are:

- to promote national consistency in the full and fair application of national environmental laws;

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- to allow EPA to report to the President and the Congress on the achievements and needs of national environmental protection programs delegated to the States; and

- to encourage States and EPA to agree on desirable technical support and targets for joint efforts to mitigate environmental problems.

EPA's oversight of State programs will focus on the overall environmental results of those programs. The oversight process will monitor compliance with national standards and statutory and regulatory requirements. It will focus on individual procedures or actions only as indicators of overall program performance.

In its conduct of oversight, EPA will adhere to the following principles.

1) Respect State Technical Judgments

EPA recognizes that many individual decisions about environmental protection require the exercise of technical judgment. In some cases, such as effluent guidelines in water or new source performance standards in air, Federal law makes EPA responsible for setting nationally consistent technical standards. In many other instances, however, technical judgments are required about which responsible experts can and will disagree. EPA will respect the judgments of State technical staff who represent the citizens who will be most affected by the results of these decisions.

2) Base EPA Oversight on Objective Measures and Standards

Objective measures of program performance will be developed and agreed upon by EPA national program managers, Regional Administrators, and State program directors. These measures shall concentrate on program results. Useful oversight can occur only if States and EPA understand in advance about specific standards of performance to be met and how success in meeting them should be measured.

3) Focus on Overall Performance

EPA will set high standards, but will be realistic in reviewing State performance in implementing Federal programs. EPA's concern is that States' programs successfully protect the national interests in public health and the environment which are incorporated in national environmental laws. EPA recognizes that States want to run responsible environmental programs and will work with States to strengthen any identified weaknesses. EPA will not expect States to meet higher standards of performance than EPA itself could meet in practice.

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When State or local agencies have demonstrated strong program performance, the extent and frequency of oversight should be reduced. Conversely, poor performance should result in increased oversight by EPA. In general, the Agency's oversight should reflect changing State needs and program priorities.

4) Use On-Site Reviews for Oversight

Oversight will be accomplished primarily by direct contacts with State and local agencies. EPA shall review its written reporting requirements to assess their actual contributions to the timely assessment of environmental problems and progress, and amend regulations where necessary to reduce its dependence on written reports from States.

5) EPA Will Retain Responsibility

EPA retains its responsibility to ensure the full and faithful execution of the laws of the United States both before and after delegation. This responsibility does not conflict with delegation, as State and local governments should be the primary providers of services to citizens, with the Federal government stepping in only when States are unwilling or unable to respond. EPA is, however, responsible under statute for ensuring the consistent application and enforcement of national standards. If direct EPA action is necessary to ensure that environmental laws are carried out, such action will be taken. EPA will also work to resolve interstate pollution disputes among States.

* * * * *

I expect these delegation and oversight policies to be carried out by all EPA Headquarters and Regional personnel. They will demonstrate our commitment to building a productive partnership with the States by pursuing responsible delegation and effective oversight. The success of our efforts to carry out our mission to protect the environment will depend, to a great extent, on the success of the State/EPA partnership. You will have my full support in your efforts to enhance this partnership and carry out the policies described in this statement.

Anne M. Gorsuch
Administrator

National Governors' Association

Scott M. Matheson
Governor of Utah
Chairman

Stephen B. Farber
Executive Director

December 17, 1982

The Honorable Robert T. Stafford
Chairman
Committee on Environment and Public Works
5219 Dirksen Senate Office Building
Washington, D.C. 20015

Dear Senator Stafford:

As you may be aware, the National Governors' Association's Energy and Environment Committee has sponsored a series of meetings between top state and federal environmental management officials to discuss the future of environmental program funding, among other issues. The Governors have on several occasions expressed their strong support for continued federal funding of environmental program grants at FY 1982 levels, and I appreciate your help in securing such levels for the current budget year. As the debate continues on the optimal level of federal support, it is important that the best information be developed by an objective source to provide a complete picture of funding requirements for FY 84 and beyond. I am writing to ask your assistance in requesting that the Congressional Budget Office or the Congressional Research Service develop a report for your consideration before FY 1984 budget decisions are made. This report should develop information from at least six states showing:

1) the cost to those states of their increasing regulatory responsibilities as they assume delegation of the PSD, NSPS, and NESHAPS programs under the Clean Air Act; the NPDES program under the Clean Water Act; and interim and final authorization under the Resource Conservation and Recovery Act. In addition, figures should be developed indicating the increased costs to the study states as they develop groundwater protection or control programs and innovative strategies such as bubble or controlled trading programs. The states believe that the cost of environmental programs has risen markedly in the last few years due to new responsibilities and program innovations. This element of the report should be designed to determine the magnitude of such cost increases.

2) the cost savings to states as the result of administrative changes made or formally proposed by the EPA. Significant cost savings have been alleged to be the potential result of EPA's regulatory reform efforts, but no firm estimates of such savings have been developed. This element of the study should be designed to show the magnitude of administrative cost savings which might offset the cost increases borne by the states in recent years.

3) the difference in cost between programs administered by the states and those same programs if administered by the EPA. The states believe that EPA's state program grants are a good "buy" for the U.S. taxpayer because of inherent efficiencies in state program management compared to EPA or contractor-run programs.

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It is my hope that a report containing the information described above will provide the basis for a reasoned and constructive dialogue between state, congressional, and administration officials on the proper division of program and financial responsibilities between the states and the EPA. The NGA is indpendently developing other information to contribute to this dialogue and is asking the EPA to reveal its plans for the use of permit fees as a supplementary funding source for environmental programs. Without such a serious dialogue, I am very concerned that environmental quality may deteriorate in the face of administration recommendations to reduce federal support for state management of environmental control activities.

For the purposes of developing the study I have described, I would suggest that a mix of large and small, industrialized and rural states be used. Florida, New Jersey, Illinois, Arkansas, Colorado, and Oregon might be appropriate.

If I can provide additional information on this request, please don't hesitate to contact me or Mr. Tom Curtis of the NGA staff.

Sincerely,

John D. Rockefeller IV

Governor John D. Rockefeller IV
Chairman
Committee on Energy and Environment

The State of the States: Management of Environmental Programs in the 1980s

By

Thomas W. Curtis and Peter Creedon

NGA Committee on Energy and Environment

Based on a Survey Jointly Conducted by:

NGA Committee on Energy and Environment
The State and Territorial Air Pollution Program Administrators
The Association of State and Interstate Water Pollution Control Administrators, and
The Association of State and Territorial Solid Waste Management Officials

May 1982

This report was prepared by Thomas W. Curtis of the National Governors' Association Energy and Environment Committee, under the direction of Edward A. Helme, staff director. Research assistance was provided by Peter Creedon of the NGA Energy and Environment Committee. Special thanks are owed to Bill Becker and Ann Renauer of the State and Territorial Air Pollution Program Administrators, Robbi Savage and Lynn Eichmiller of the Association of State and Interstate Water Pollution Control Administrators, and David Duncan of the Association of State and Territorial Solid Waste Management Officials.

Committee on Energy and Environment
National Governors' Association
400 North Capitol Street, N.W.
Washington, D.C. 20001

FOREWORD

In the past decade, environmental management has been a primary concern of state governments, with the states working in partnership with the federal government to develop and implement a wide variety of environmental quality programs. The commitment to a sound and healthy environment continues to be an important priority for states in the 1980s.

This report profiles the development and support of state environmental programs, and looks at changes the states anticipate in the near future in the face of proposed reductions in the level of federal support for environmental programs. I hope that it will promote a better understanding of how the states manage environmental quality and how states are likely to adapt to the changing fiscal environment of the 1980s.

As governors, we must continue our efforts to ensure the best and most effective management of programs aimed at providing our citizens a safe and healthy environment.

John D. Rockefeller IV

John D. Rockefeller IV
Chairman
National Governors' Association
Committee on Energy and Environment

The State of the States:
Management of Environmental Programs in the 1980s

Background

The landmark environmental legislation enacted in the 1960s and 70s helped establish a state-federal partnership in the management and protection of environmental quality. The partnership involved a division of responsibility for environmental programs, with the Environmental Protection Agency providing funds to help state agencies develop and administer federally mandated programs for managing air and water quality, hazardous waste, pesticides, and water supply. In fiscal year 1982, the federal assistance for these management programs totaled $227.8 million, and represented approximately 50% of total state expenditures on these activities. These figures do not include state or federal expenditures for the construction of sewage treatment plants.

For fiscal year 1983 the administration has proposed reducing funds that support state management of environmental programs by 20% and may propose further reductions in future years. In proposing these cuts, the Environmental Protection Agency has assumed that all environmental programs are now adequately funded and that improved management practices can reduce the cost of environmental programs without lowering the quality of environmental protection. Although states have indicated a willingness to assume greater responsibilities for environmental program management, the proposed 20 % cutback comes at a time when most state budgets are reflecting the twin effects of last year's federal budget cuts and the continued recession. At least two-thirds of the states are experiencing revenue shortfalls from earlier projections. Virtually every state legislature meeting this year has raised taxes and/or made significant cutbacks in government activities while straining to cope with major reductions in federal support for human service programs. At the same time, the states have already absorbed inflation related "budget cuts" in environmental programs because of relatively flat funding over the past several years and an actual reduction in funding in FY 1982. State environmental program managers have streamlined their programs over the past several years and eliminated inefficiencies. This situation increases the difficulty of absorbing even relatively small cutbacks in federal support.

In order to assess the ways in which states will respond to the proposed reductions in federal support, the National Governors' Association Committee on Energy and Environment chaired by Governor Jay Rockefeller of West Virginia, undertook a survey of states' management of environmental programs, in cooperation with the State and Territorial Air Pollution Program Administrators (STAPPA), the Association of State and Interstate Water Pollution Control Administrators (ASIWPCA), and the Association of State and Territorial Solid Waste Management Officials (ASTSWMO). The survey focused on sources of funds for environmental programs, with particular regard to permit fees and other non-federal sources, and on changes in management practices that the states anticipate if federal support is reduced. The survey covers state air program grants under section 105 of the Clean Air Act; water quality management grants under sections 106 and 205(g) of the Clean Water Act; hazardous waste management grants under section 3011 of the Resource Conservation and Recovery Act; and water supply management grants under section 1443 of the Safe Drinking Water Act.

Summary of Findings

The survey strongly suggests that in most states a 20% reduction in federal support would require curtailment in a number of environmental protection activities by a level at least proportionate to the reduction in federal support. Because states may still be required to respond to federal mandatory requirements, the activities most likely to be curtailed by the states include resource intensive activities such as monitoring of ambient pollution levels, monitoring of compliance by emission sources, permitting, technical support, and enforcement, in all environmental media (air,water quality, and hazardous waste). A significant number of state agencies would seriously consider eliminating, not accepting delegation of, or returning to the federal government several environmental protection activities. This particularly applies to air programs, including PSD permitting, control of toxic pollutants, vehicle inspection and maintenance programs, and the development of emission trading systems. Some of these activities, such as emission trading systems, air quality banking, and bubble programs, could substantially reduce the cost of compliance for emission sources, but increase the states' cost for environmental program management. The survey also suggests that personnel reductions may in many states increase the time required for sources subject to regulation to obtain permits. The survey suggests that in the short run most states will not be able to increase non-federal sources of funds, including state appropriations and collections from permit fee systems, to make up for the reduction in federal support. Finally, most states suggest a strong need to increase their efforts in certain areas, such as toxic pollutant control, if increased resources were available. Such expanded activities will not be possible in the face of reduced federal support.

Findings

The survey has revealed a number of facts germane to the debate about how, and how much, federal support for state environmental management activities could be reduced without reducing the ability of states to adequately implement federal environmental programs. The salient findings include the following facts:

- o Federal support plays an important role in environmental program management. While the figures vary widely from state to state, in aggregate terms federal funds provide about 45% of state air program budgets, about 46% of state water quality program budgets, about 69% of state hazardous waste program budgets, and about 48% of state water supply program budgets. The states have increased their support of environmental programs as the programs progress from the planning stage to implementation, but federal support remains important. See Table I.

- o Only a small number of states expect to be able to make up for a 20% reduction in federal support by increasing state funds, in the face of their own severe financial constraints. Six states hope to be able to make up at least part of the reduction in air program funds. Three states indicate the possibility of increased support to make up for at least part of the reduction in water quality grants, 11 states hope to replace at least part of the reductions in hazardous waste grants, and 6 states hope to make up for at least some of the reduction in support for water supply programs. Given the continuing pressures on state budgets, these figures may be optimistic.

- Most state environmental agencies will not be able to rely on permit fees to provide funds for environmental programs, at least in the short run. Many states do not have existing statutory authority to collect permit or processing fees. About 21 states and territories currently charge for air quality permits, but in only 10 are the funds available to the permitting agency. In only 9 states and territories are water quality permit fees available to the permitting agency; only 7 hazardous waste agencies collect and keep permit fees, and only 2 water supply agencies actually keep permit fees. In other states that charge permit fees, revenues are deposited in the state general fund. Indeed, in most states it has historically been considered good public policy to place such revenues in the general fund to avoid the appearance of conflict of interest between regulators and emission sources. Given the budget pressures in most states, collections may not go to the environmental management agency even where permit fee programs are established or fees are increased. See Tables II-V.

- Most states suggest the need to increase their efforts in a number of key environmental protection activities, if resources are available. The survey indicates that in the face of reduced federal support it will be impossible for states to develop more vigorous programs in these areas without retrenchment elsewhere. Those areas most frequently mentioned by the states as needing increased effort if federal funds for environmental programs were increased include:

  Air: increased toxic emissions control, increased inspections and monitoring, increased enforcement, development of bubble and controlled trading systems, and increased staff for permit processing;

  Water Quality: development of groundwater management mechanisms, increased water quality monitoring and bio-assay analysis, enhancement of toxic pollutant control programs, increased resources for sewage treatment plant operator training and technical assistance, and strengthening the NPDES permitting program;

  Hazardous Waste: increased investigations of uncontrolled and abandoned waste sites, increased compliance monitoring, increased enforcement, increased efforts to protect groundwater, and increased staff for permit processing;

  Water Supply: increased monitoring and inspections of municipal water systems, increased resources for water treatment plant operator training, increased technical assistance, and increased resources for small and non-community water supply protection.

- A significant number of states expect a delay in the time necessary to process and issue permits under federal environmental statutes as a result of the reduction in federal support for environmental program management. In other states, many of which are subject to mandatory time limits for issuing permits, the quality of permit review is expected to decline. About 27 states have indicated they expect the time necessary to issue air permits to increase by an average of about 24%. About 18 states also expect water quality permitting time and about 19 states expect hazardous waste permitting time to increase.

These figures are tentative because many states are not yet certain whether or by how much their permit processing time will be increased by cuts in program budgets.

- A large number of state agencies indicate that they are considering completely eliminating, not accepting delegation of, or turning back to the federal government certain important environmental protection activities, particularly in the air program. At least 11 states may eliminate or turn back PSD permitting in the air program, and 7 states may eliminate their activities to control toxic air emissions. At least 10 states indicate they will not have the resources to develop air emissions bubble and banking systems, which can reduce compliance costs for the business community but which increase the costs to state regulatory agencies. These findings raise questions about the states' capacity to assume programs for which they currently do not have delegation, such as hazardous waste management and underground injection control, in which the Administration would like the states to assume greater responsibility.

- In addition, a large number of states have indicated that they may reduce certain environmental management activities proportionately to the reduction in federal support or more. This reflects the states' belief that they have already streamlined state programs and that significant further savings cannot be expected from management changes alone. Many states indicate that budget reductions will require actual reductions in personnel and equipment. At least 36 states indicate that they will reduce ambient air quality monitoring proportionately to the reduction in federal budget support or more; 25 states will reduce water quality monitoring proportionately or more; 20 states will reduce hazardous waste monitoring proportionately to the reduction in federal support or more. Other important activities including enforcement, toxic air pollutant control, general and PSD permitting, determinations of source compliance, technical support, and the development of emission trading systems will also be reduced at least proportionately to the federal cuts in significant numbers of states. In addition, program development, including the development of 1982 air program implementation plans for both mobile and stationary sources, will be curtailed proportionately to the federal cuts or more in a number of states. See Tables VI-IX.

TABLE I

FY 1982 Federal Support of Environmental Programs
(% of total program costs)

	AIR	WATER QUALITY	HAZARDOUS WASTE	WATER SUPPLY
ALABAMA	60	76	75	62
ALASKA	53	35	40	45
ARIZONA	48	81	77	81
ARKANSAS	54	55	75	75
CALIFORNIA	10	38		
COLORADO	32	50	58	56
CONNECTICUT	60	79	100	
DELAWARE	59	64	75	67
FLORIDA	24	13	89	48
GEORGIA	44	51	75	43
HAWAII	59	48	85	61
IDAHO		79	82	76
ILLINOIS	63	35	79	61
INDIANA	57	32	75	0
IOWA	71	62	62	0
KANSAS	75	52	73	66
KENTUCKY	42	38	83	28
LOUISIANA	50	17	59	29
MAINE	62	58	100	62
MARYLAND	45	56	65	87
MASSACHUSETTS	62	64	48	41
MICHIGAN	38	51	69	45
MINNESOTA	52	54	41	44
MISSISSIPPI	60	51	59	75
MISSOURI	64	85	64	65
MONTANA	68	87	86	79
NEBRASKA	75	86	75	60
NEVADA	52	64	68	60
NEW HAMPSHIRE	74	90	39	70
NEW JERSEY	45	56	24	19
NEW MEXICO	61	25	75	51
NEW YORK	67	45	58	
NORTH CAROLINA	51	44	74	54
NORTH DAKOTA	51	68	75	75
OHIO	26	25	75	35
OKLAHOMA	62	70	66	47
OREGON	26	42	79	0
PENNSYLVANIA	47	36	58	28
RHODE ISLAND	73	75	100	75
SOUTH CAROLINA	49	31	60	36
SOUTH DAKOTA	74	69	83	0
TENNESSEE	40	35	58	58
TEXAS	30	35	75	45
UTAH	75	56	71	53
VERMONT	75	78	100	62
VIRGINIA	44	14	73	46
WASHINGTON	51	66	73	55
WEST VIRGINIA	52	68	75	51
WISCONSIN	52		75	
WYOMING	56	56		
AMERICAN SAMOA				
GUAM				
PUERTO RICO	77	56	72	75
VIRGIN ISLANDS				
DISTRICT OF COLUMBIA				
NORTHERN MARIANA ISLANDS				

Table II

AIR QUALITY PERMITTING FEES

	Does the agency have authority to collect air permitting or processing fees?	Does the agency actually collect air permitting fees?	Does the state intend to develop authority or collect fees in the near future?	Is the fee available to the permitting agency?	What percent of the agency's operating budget is provided by the fee?
ALABAMA	yes	no			
ALASKA	yes	no			
ARIZONA	yes	yes		no	
ARKANSAS	no		yes FY83		
CALIFORNIA	yes	yes		local agencies	varies
COLORADO	yes	yes		yes	
CONNECTICUT	yes	no	yes FY83		
DELAWARE	yes	no	yes		
FLORIDA	yes	yes		currently no	
GEORGIA	yes	no			
HAWAII	yes	yes		no	
IDAHO					
ILLINOIS	yes	no	proposed		
INDIANA	yes	yes		no	
IOWA	yes	no			
KANSAS	no				
KENTUCKY	yes	yes		yes	5%
LOUISIANA	yes	yes		yes	12%
MAINE	yes	yes		no	
MARYLAND	yes	no	yes FY83		
MASSACHUSETTS	no		yes FY83		
MICHIGAN	yes	yes		yes	25%[1]
MINNESOTA	no				
MISSISSIPPI	no		no		
MISSOURI	yes	yes		no	
MONTANA	yes	no	no		
NEBRASKA	yes	no	no		
NEVADA	yes	yes		no	
NEW HAMPSHIRE	yes	yes		yes	7%
NEW JERSEY	yes	yes		no	
NEW MEXICO	yes	no	investigating		
NEW YORK	yes	yes		yes	n/a[2]
NORTH CAROLINA	yes	no	no		
NORTH DAKOTA	yes	yes		yes	11%
OHIO	yes	yes		no	
OKLAHOMA	yes	yes		yes	under 1%
OREGON	yes	yes		yes	47%
PENNSYLVANIA	yes	no	proposed 83		
RHODE ISLAND	yes	no	no		
SOUTH CAROLINA	yes	no	no		
SOUTH DAKOTA	no				
TENNESSEE	yes	no	no		
TEXAS	yes	no	yes FY83		
UTAH	yes	yes		no	
VERMONT	no		considering		
VIRGINIA	yes	no	no		
WASHINGTON	no		will propose 83		
WEST VIRGINIA	no				
WISCONSIN	yes	no	proposed FY84		
WYOMING	no		no		
AMERICAN SAMOA					
GUAM	no				
PUERTO RICO	yes	yes		yes	
VIRGIN ISLANDS					
DISTRICT OF COLUMBIA					
NORTHERN MARIANA ISLANDS					

[1] Program will be phased out by FY 1985

[2] Program recently authorized and has not yet generated any revenue

Table III

WATER QUALITY PERMITTING FEES

	Does the agency have authority to collect water quality permitting fees?	Does the agency actually collect water quality permitting fees?	Does the State plan to develop authority or collect fees in the near future?	Is the fee available to the permitting agency?	What portion of the agency's operating budget is provided by the fee?
ALABAMA	no		no		
ALASKA	no		no		
ARIZONA	no				
ARKANSAS	no		yes 1983		
CALIFORNIA	yes	yes		yes	10%
COLORADO	yes	yes		yes	12%
CONNECTICUT	no				
DELAWARE	yes	no	yes FY83		
FLORIDA	yes	yes		currently no	
GEORGIA	no		no		
HAWAII	yes	yes		no	
IDAHO	yes	no			
ILLINOIS	yes		yes		
INDIANA	yes	yes		no	
IOWA	yes	no			
KANSAS	yes	yes		no	
KENTUCKY	yes	no	yes		
LOUISIANA	yes	yes		yes	7%
MAINE	yes	yes		no	
MARYLAND	yes	yes		no	
MASSACHUSETTS	yes	no	yes		
MICHIGAN	yes	yes		yes	32%[1]
MINNESOTA	no		no		
MISSISSIPPI	no				
MISSOURI	yes	yes		yes	under 1%
MONTANA	no		no		
NEBRASKA	yes	no	investigating		
NEVADA	yes	yes		yes	under 1%
NEW HAMPSHIRE	no		no		
NEW JERSEY	yes	yes		yes	100%
NEW MEXICO	no				
NEW YORK	yes	yes		yes	under 1%
NORTH CAROLINA	no				
NORTH DAKOTA	no		no		
OHIO	yes	yes		no	
OKLAHOMA	yes	yes		yes	n/a
OREGON	yes	yes		yes	14%
PENNSYLVANIA					
RHODE ISLAND	no		proposed		
SOUTH CAROLINA	no				
SOUTH DAKOTA	no				
TENNESSEE	no		no		
TEXAS	yes	yes		no	
UTAH	no		considering		
VERMONT	yes	yes		yes	under 1%
VIRGINIA	no				
WASHINGTON	yes	no	no		
WEST VIRGINIA	yes	yes		no	
WISCONSIN					
WYOMING	no		no		
AMERICAN SAMOA					
GUAM	no				
PUERTO RICO	yes	yes		yes	
VIRGIN ISLANDS					
DISTRICT OF COLUMBIA					
NORTHERN MARIANA ISLANDS	yes	yes		no	

[1] program will be phased out by 1983.

Table IV

HAZARDOUS WASTE PERMITTING FEES

	Does the agency have authority to collect hazardous waste permitting or processing fees?	Does the agency actually collect such fees?	Does the state intend to develop authority or collect such fees in the near future?	Are fee collections available to the permitting agency?	What portion of the agency's operating budget is provided by the fees?
ALABAMA	no		no		
ALASKA	no		no		
ARIZONA	no				
ARKANSAS	yes	no	yes		
CALIFORNIA					
COLORADO	yes	no	yes FY84		
CONNECTICUT	no				
DELAWARE	yes	no	yes 1983		
FLORIDA	yes	no			
GEORGIA	no		no		
HAWAII	yes	yes		no	
IDAHO	yes	no	proposed		
ILLINOIS	yes	yes			
INDIANA	yes	no	no		
IOWA	no				
KANSAS	yes	yes		no	
KENTUCKY	yes	yes		no	
LOUISIANA	yes	yes		yes	39%
MAINE	yes	no	proposed		
MARYLAND	yes	yes		no	
MASSACHUSETTS	yes	yes		no	
MICHIGAN	yes	yes		no	
MINNESOTA	no		yes		
MISSISSIPPI	no		no		
MISSOURI	yes	yes		yes	6%
MONTANA	yes	no	no		
NEBRASKA	yes	no	investigating		
NEVADA	yes	no	developing		
NEW HAMPSHIRE	yes	yes		yes	n/a
NEW JERSEY	yes	yes		no	
NEW MEXICO	yes	no	possible		
NEW YORK	no		possible		
NORTH CAROLINA	no		(1)		
NORTH DAKOTA	no		investigating		
OHIO					
OKLAHOMA	no		no		
OREGON	yes	yes		yes	13%
PENNSYLVANIA					
RHODE ISLAND	yes	yes		yes	n/a
SOUTH CAROLINA	no				
SOUTH DAKOTA	no				
TENNESSEE	yes	yes		yes	27%
TEXAS	yes	yes		no	
UTAH	no		possible		
VERMONT	no				
VIRGINIA	yes-phase III	no			
WASHINGTON	no		maybe 1983		
WEST VIRGINIA	yes	yes		yes	n/a
WISCONSIN	yes	yes		yes	11%
WYOMING					
AMERICAN SAMOA					
GUAM	no				
PUERTO RICO	yes	yes		yes	
VIRGIN ISLANDS					
DISTRICT OF COLUMBIA					
NORTHERN MARIANA ISLANDS					

(1) permit fees might be considered if Federal support is cut

Table V

WATER SUPPLY PERMITTING FEES

	Does the agency have authority to collect water supply permitting or processing fees?	Does the agency actually collect such fees?	Does the state intend to develop authority or collect fees in the near future?	Is the fee available to the permitting agency?	What portion of the agency's operating budget is provided by the fee?
ALABAMA	yes	no			
ALASKA	no				
ARIZONA	no				
ARKANSAS	yes	yes		no	
CALIFORNIA					
COLORADO	no				
CONNECTICUT					
DELAWARE	no				
FLORIDA	yes	yes		no currently	
GEORGIA	no				
HAWAII	no				
IDAHO	no		no		
ILLINOIS	yes	no	yes		
INDIANA	yes	no	no		
IOWA	no				
KANSAS	yes-lab fees	yes		no	
KENTUCKY	yes	no	no		
LOUISIANA	no				
MAINE	no		no		
MARYLAND	yes	no			
MASSACHUSETTS	yes	yes		yes	under 1%
MICHIGAN	no				
MINNESOTA	yes	yes		no	
MISSISSIPPI	no		no		
MISSOURI	no		no		
MONTANA	no		no		
NEBRASKA	yes-lab fees	yes		yes	15%
NEVADA	yes	no	yes FY84		
NEW HAMPSHIRE	yes-lab fees	yes		yes	(1)
NEW JERSEY	no		investigating		
NEW MEXICO	no		no		
NEW YORK					
NORTH CAROLINA	no		no		
NORTH DAKOTA	no				
OHIO					
OKLAHOMA	no				
OREGON	yes	yes		yes	3%
PENNSYLVANIA					
RHODE ISLAND	no		no		
SOUTH CAROLINA	no				
SOUTH DAKOTA	no				
TENNESSEE	no				
TEXAS	no				
UTAH	yes	no	yes FY84		
VERMONT	no		possible		
VIRGINIA	no		no		
WASHINGTON	no		seeking		
WEST VIRGINIA	no		seeking		
WISCONSIN					
WYOMING					
AMERICAN SAMOA					
GUAM	yes	yes		no	
PUERTO RICO	no				
VIRGIN ISLANDS					
DISTRICT OF COLUMBIA					
NORTHERN MARIANA ISLANDS	no				

(1) half of the revenue goes to the State General Fund while the other half goes to the agency to buy new lab equipment.

Table VI

States' Response to a 20% Reduction in Federal Support

Air Programs

Environmental Program Activity	Eliminate Activity	Reduce Proportionately to Budget	Not Reduce Activitity
	Number of States		
General Permitting	2	27	12
PSD Permitting	11	21	11
Compliance Determination	1	33	5
Enforcement Against Non-Complying Sources	1	26	13
Toxic Emission Control	7	14	9
Ambient Air Quality Monitoring	1	36	2
Emissions "bubbles"	8	17	9
Emissions "banking"	10	14	4
'82' SIP Development (Stationary)	3	16	3
'82' SIP Development (Mobile)	4	14	3
I/M	4	8	6
Other	0	12	2

Table VII

States' Response to a 20% Reduction in Federal Support

Water Quality Programs

Environmental Program Activity	Eliminate Activity	Reduce Proportionately to Budget	Not Reduce Activitity
	Number of States		
Program Development	0	26	7
Permitting	1	17	6
Compliance Monitoring	0	25	4
Enforcement	0	20	7
Technial Support	0	19	5
Other	2	10	2

Table VIII

States' Response to a 20% Reduction in Federal Support

Hazardous Wate Programs

Environmental Program Activity	Eliminate Activity	Reduce Proportionately to Budget	Not Reduce Activitity
	Number of States		
Program Development	2	21	8
Permitting	1	16	7
Compliance Monitoring	1	20	6
Enforcement	1	15	9
Technical Support	1	19	5
Other	2	12	1

Table IX

States' Response to a 20% Reduction in Federal Support

Water Supply Programs

Environmental Program Activity	Eliminate Activity	Reduce Proportionately to Budget	Not Reduce Activitity
	Number of States		
Program Development	1	11	8
Permitting	0	4	12
Compliance Monitoring	0	12	7
Enforcement	1	16	3
Technical Support	2	8	9
Other	0	4	1

STATE PROFILES

The following information is summarized from the survey on which this report is based. Names of officials are those indicated in the response to the NGA Energy and Environment Committee. Data and names are current as of March 1982.

ALABAMA

By October 1982 Alabama will have established a Department of Environmental Management responsible for overseeing air quality, water quality, hazardous waste and water supply programs. Current Offical: Vacant

Air Quality Program Alabama's Air Program has 53 positions authorized and 53 positions funded. In FY 1982 the state provided $690,000 or 40% of the air program funds, while the federal government provided $1,035,000 or 60% of the program budget. There are no mandatory time limits for issuing air quality permits in Alabama. The air agency has authorization to charge for permits to construct, but does not currently do so. There are no plans to develop fees for operating permits.

Water Quality Program Alabama's water quality program has 85 positions authorized and 85 positions funded. In FY 1982 the state provided $625,347 or 24% of program funds, while the federal government provided $1,978,154 or 76% of the total program budget. Unless Alabama responds to an application to discharge within 180 days of receipt of a complete application the applicant may begin discharge. The agency does not have authority to charge permit fees, and presently there are no plans to develop a permit fee program.

Hazardous Waste Program Alabama's Hazardous Waste Program has 38 positions authorized and 38 positons funded. In FY 1982 the state provided $300,000 or 25% of program funds, while the federal government provided $1,200,000 or 75% of the program budget. There is no mandatory time limit for permit issuance, but the agency is committed to issuing permits as quickly as possible. The agency does not have authority to charge a permit fee and indicates no plans to seek such authority.

Water Supply Program Alabama's water supply program has 23 positions authorized and 19 positions funded. In FY 1982 the state provided $269,402 or 38% of the water supply program funds, while the federal government provided $432,598 or 62% of the program budget. There is no mandatory time limit for issuing permits but as with the hazardous waste office, the agency issues permits as quickly as possible. The agency has authority to charge a permit fee, but presently does not do so and indicates no plans to initiate a permit fee system.

ALASKA

In Alaska the Department of Environmental Conservation has both management and permitting responsibilities for the air, water quality, hazardous waste, and water supply programs. Current Official:

Ernest Mueller
Commissioner, Alaska Department of Environmental Conservation

Air Quality Program Alaska has authorization for 3 technical staff, 1/2 clerk typist and 1/2 supervisor in its technical office. In addition, a field office is authorized 2 technical staff to assist local agencies in transport planning. Engineers and field officers authorized for routine permitting and enforcement matters bring the number of full-time positions to 11.3. Alaska's air program was funded in FY 1982 with $249,500 in state funds for a total of 42% of the program costs. Federal grants provide $316,800 or 53% of the program budget. The agency has authority to charge up to $25 per permit application but does not currently collect such fees and indicates no plans to begin fee collections in the future. The agency must approve or deny a permit application within 30 working days following receipt of a completed application.

Water Quality Program Alaska's water quality program has 49 positions authorized and 49 positions funded. The state provided $1,034,000 or 64.5% of the program budget in FY 1982, while the federal government provided $569,000 or 35.5% of program funds. There is no mandatory time limit for issuing water quality permits in Alaska. There is currently no authority to charge permit fees, nor are there any plans to charge such fees in the future.

Hazardous Waste Program The Alaska hazardous waste program has 10 positions authorized and 10 positions funded. The state provided $398,100 or 60% of the program in FY 1982, while the federal government provided $266,400 or 40% of the program. There is no mandatory time limit for issuing hazardous waste permits in Alaska, and there is no authority to charge permit fees, or intention of requesting that authority.

Water Supply Program Alaska's water supply program has 19 positions authorized and 19 positions funded. The state funded $690,000 or 55% of program costs in FY 1982, while federal funds provided $569,000 or 45% of program costs. Neither mandatory time limits nor permit fees are applicable.

ARIZONA

In Arizona the Director of the Division of Environmental Health Services (EHS) of the state Department of Health oversees the air, water quality, hazardous waste, and water supply programs. The Division of Environmental Health Services is divided into four bureaus each of which is overseen by a Bureau Chief. The Bureau of Air Quality Control (BAQC), the Bureau of Waste Control (BWC), and the Bureau of Vehicle Emissions Inspection (BVEI) and the Bureau of Water Quality Control (BWQC). Current Official:

Dr. J. Wesley Clayton
Director, Division of Environmental Health Services

Air Quality Program Arizona's air quality program has 37 positions authorized and 37 positions funded. In FY 1982 the state provided $737,200 or 52% of the total program cost, while the federal government provided $679,300 or 48% of the air program budget. Arizona has a 30 day mandatory time limit for issuing construction and operating permits. The state charges an annual operating fee which is set by departmental regulations. Fees are based on the size of the source and are collected by the Department of Health Services. The fees could represent about 10% of the air program's operating budget; however, the fees go to the state general fund rather than the permitting agency.

Water Quality and Water Supply Programs In Arizona the water quality and water supply programs are consolidated. There are 77 positions authorized and 77 positions funded for the total program. In FY 1982 the state provided $605,278 or 19% of total program funds, while the federal government funded $2,559,156 or 81% of the total program cost. The agency must issue a construction certificate within 30 days of the submission of a completed application, but there is no mandatory time limit for issuing discharge permits. There is no authority in the Arizona water programs to charge permit fees.

Hazardous Waste Program Arizona's hazardous waste program has 28.5 positions authorized and 28.5 positions funded. In FY 1982 the state provided $233,000 or 23% or total program funds, while the federal government provided $762,000 or 77% of the total program cost. There are no mandatory time limits for permit issuance, and the agency has no authority to charge permit fees.

ARKANSAS

In Arkansas the Director of the Department of Pollution Control and Ecology is responsible for both management and permitting under the state's air, water quality, and solid and hazardous waste programs. The Director of the Department of Health oversees the water supply program. Current Officials:

Mr. Jerry Southall
Director, Department of Pollution Control and Ecology

Mr. Jerry Hill
Director, Department of Health

Air Quality Program The Arkansas air quality program has 32 positions authorized and 32 positons funded. In FY 1982 the state provided $520,000 or 46% of total program cost, while the federal government provided $600,000 or 54% of the program budget. There is a 90 day mandatory time limit for issuing air quality permits on air, and a 1 year limit on the development or revision of state implementation plans. There is currently no authority in Arkansas to charge air permit fees, but a fee system is being considered.

Water Quality Program The Arkansas water quality program has 42 positions authorized and 42 positions funded. In FY 1982 the state provided $612,530 or 44.6% of total program funds, while the federal government provided $760,000 or 55.4% of the program budget. There are no mandatory time limits for permit issuance, and there is currently no authority to charge permit fees, but efforts are underway to develop such authority.

Hazardous Waste Program The Arkansas hazardous waste program has 11 positions authorized and 11 positions funded. In FY 1982 the state provided $65,777 or 25% of total program funds, while the federal government provided $281,892 or 75% of the program budget. There is a 180 day mandatory time limit for issuing hazardous waste permits as well as authority to charge hazardous waste permitting fees. Permit fees will be established for the construction and/or operation of any hazardous waste facility once the state receives delegation of its phase II program. Fees will be collected for initial permit application, five year permit renewals, annual permit evaluations, and permit modifications. The Department of Pollution Control and Ecology will set and collect the fees based on the size of the source and the type of waste. Fee revenues will be used to recover the costs of processing permit applications, on-site monitoring, and certification of personnel. A fee schedule has been established.

Water Supply Program The Arkansas water supply program has 43 positions authorized and 33 positions funded. In FY 1982 the state provided $53,226 or 25% of total program cost, while the federal government provided $159,679 or 75% of total program funds.

There are no mandatory time limits on permit issuance. The agency charges a one time plan review fee, based on the estimated cost of construction. The Arkansas Division of Engineering collects fee revenues and deposits them in the State Department of Health Revenue Bond Fund. The annual income is $100,000 or about 20% of the agency's operating budget.

CALIFORNIA

In California the Secretary of Environmental Affairs oversees the activities of the Air Resources Board, the Water Resources Control Board (water quality and water rights) and the Solid Waste Management Board (solid waste). Drinking water and hazardous waste management are the responsibility of the Department of Health Services. Water supply is primarily the responsibility of the Department of Water Resources. Current Officials:

Mary Nichols, Secretary of Environmental Affairs	Beverlee A. Meyers, Director, Department of Health Services
Ronald Robie, Director, Department of Water Resources	

Air Quality Program California's air quality program has 551 positions authorized and 551 positions funded. In FY 1982 California provided $24,406,000 or 87% of the total program cost, while the federal government provided $2,822,000 or 10% of the program budget. Reimbursements for surveillance and inspections covered $700,000 or 3% of the total program costs. There is a 180 day mandatory time limit for permit issuance, beginning with the receipt of a completed application. Permitting responsibilities for stationary sources are vested in 47 local air pollution control districts which have the authority to charge permitting fees, though the state air resources board has no such authority. The APCD's charge a permit fee and an annual permit renewal fee. The fees are set by local control boards and are based on the size and type of source. The APCD's collect the fees, which go to support the APCD's permitting activities. The approximate annual income varies by APCD, as do the fee schedules.

Water Quality Program California's water quality program has 576 positions authorized and 550 positions funded. In FY 1982 the state provided $23,088,000 or 61.9% of total program costs while the federal government provided $14,214,000 or 38.1% of program funds. There is a 120 day mandatory time limit for issuing waste discharge permits, but there is no time limit on NPDES permits. The agency has statutory authority to charge permit fees and charges a one time permit fee set by the state water resources control board. The fees are based on total flow, volume, area involved, and costs to the regional water quality control boards. Fees are collected by the regional boards; annual revenues are approximately $100,000 or 10% of the enforcement operating budget. Fees are considered part of the state appropriation.

COLORADO

In Colorado responsibility for the air quality, water quality, hazardous waste, and water supply programs are vested in the Department of Health's Office of Health

Protection. The office has air, water and waste management divisions where management and permitting responsibilities are exercised. The water division oversees both water quality and water supply. Current Official:

Mr. Bob Arnott,
Assistant Director, Colorado Department of Health

Air Quality Program Colorado's air quality program has 83.3 positions authorized and 79 positions funded. In FY 1982 the state provided $2,472,813 or 68% of total program costs, while the federal government provided $993,000 or 32% of the air program budget. There is a 90 day mandatory time limit on issuing permits which have not drawn public comments, and a 135 day mandatory time limit on permits which have received comments. The Colorado Air Agency has authority to charge air permitting fees and does charge a one-time permit processing fee. The State Air Quality Control Commission sets the fees at an hourly rate based on the time necessary to process the permit. The air pollution control division collects fee revenues, which go to the state general fund but are available to the agency through the appropriation process. The annual income from the fees in FY 1982 was approximately $235,000 or 7% of the operating budget. The fees are considered to be part of the state appropriation.

Water Quality Program Colorado's water quality program has 83.55 positions authorized and 83.55 positions funded. In FY 1982 the state provided $1,344,035 or 38% of total program funds, while the federal government provided $1,761,490 or 50% of the program budget. There is a 180 day mandatory time limit on issuing water quality permits. The agency is authorized to charge permit fees. The water quality control division develops a fee schedule each year, with fees based on estimates of the actual time and cost associated with permit processing. The water quality control division bills and collects all fees. The money goes to a water quality control fund. The collections in FY 1982 were approximately $410,000 or 12% of the operating budget. The fees are considered to be part of the state appropriation.

Hazardous Waste Program Colorado's hazardous waste program has 17.5 positions authorized and 13 positions funded. In FY 1982 the state provided $254,800 or 42% of program funds, while the federal government provided $342.000 or 58% of the program budget. There is a 90 day mandatory time limit for "findings of fact" in application review in Colorado. The agency does not currently collect permit fees for solid waste disposal sites and facilities but plans to beginning in FY 1984.

Water Supply Program Colorado's water supply program has 18.3 positions authorized and 18.3 positions funded. In FY 1982 the state provided $306,928 or 44% of the total program funds, while the federal government funded $391,700 or 56% of the program budget. There is a 45 day mandatory time limit for reviewing plans and specifications. The agency does not have the authority to charge permit fees in the water supply program.

CONNECTICUT

In Connecticut the Environmental Quality Division of the state Department of Environmental Protection oversees the state's air quality, water quality, hazardous waste, and water supply programs. Both permitting and management responsibilities are located in the Division. Current Official:

John W. Anderson,
Deputy Commissioner, Department of Environmental Protection

Air Quality Program Connecticut's air quality program has 87 positions authorized and 87 positions funded. In FY 1982 the state provided $1,315,315 or 40% of total program funds, while the federal government provided $1,975,800 or 60% of the program budget. There is a 30 day mandatory time limit with a possible 15 day extension for issuing air quality permits. The air quality agency has the authority to charge permit fees, but does not currently do so. Regulations for a fee program are being developed and should be in place by FY 1983.

Water Quality Program Connecticut's water quality program has 107 positions authorized and 79 positions funded. In FY 1982 the state provided $578,026 or 21% of total program funds, while the federal government provided $2,172,500 or 79% of the program budget. There is a mandatory time limit on all NPDES permits issued. The agency does not currently have authority to charge permit fees, though authorizing legislation is being prepared for the 1983 legislative session.

Hazardous Waste Program Connecticut's hazardous waste program has 15 positions authorized and 15 positions funded. In FY 1982 the federal government provided $358,000 or 100% of the total hazardous waste program funds. There are no mandatory time limits for issuing hazardous waste permits in Connecticut, nor does the agency have authority to charge permit fees.

DELAWARE

In Delaware the state's air quality, water quality, and hazardous waste programs are placed in the Division of Environmental Control of the Department of Natural Resources and Environmental Control. The safe drinking water program is overseen by the Division of Public Health, part of the Department of Health and Social Services. Current Officials:

John E. Wilson, Jr.
Secretary, Department of Natural
Resources and Environmental Control

Thomas Eicher
Director, Division of Environmental
Control

Air Quality Program Delaware's air quality program has 28 full-time and 11 part-time positions authorized and 27 full-time and 11 part-time positions funded. In FY 1982 the state provided $398,934 or 41% of the air program funds while the federal government provided $580,987 or 59% of total program budget. There is a one year mandatory time limit for issuing permits. The agency has authority to charge air permitting fees and hopes to begin charging fees in FY 1983.

Water Quality Program Delaware's water quality program has 57 positions authorized and 56 positions funded. In FY 1982 the state provided $706,948 or 37% of total program funds, while the federal government provided $1,191,000 or 64% of the program budget. There are no mandatory time limits on permit issuance. The agency has the authority to charge permit fees and is currently in the process of establishing a fee schedule. The state hopes to start charging water quality permitting fees in FY 1983.

Hazardous Waste Program Delaware's hazardous waste program has 14 positions authorized and 14 positions funded. In FY 1982 the state provided $85,886 or 25% of the total program funds, while federal funds covered $257,657 or 75% of program costs. There is no mandatory time limit for permit issuance in the hazardous waste program. The agency has the authority to charge permit fees and is in the process of establishing a fee schedule. The state hopes to begin charging such fees in FY 1983.

Water Supply Program Delaware's water supply program has 21 positions authorized and 21 positions funded. In FY 1982 the state provided $146,600 or 33% of total program funds, while the federal government provided $294,500 or 67% of the program budget. There are no mandatory time limits for issuing water supply permits, and the agency does not charge permitting fees.

FLORIDA

In Florida the Department of Environmental Regulation is responsible for overseeing the air quality, water quality, hazardous waste, and water supply programs. Both permitting and management responsibilities for each media are vested in the Department. Current Official:

Vicki Tschinkel
Secretary, Department of Environmental Regulation

Air Quality Program Florida's air quality program has 76 positions authorized and 76 positions funded. In FY 1982 state funds totaled $2,636,438 or 75.6% of the air program budget, while the federal government provided $850,000 or 24.4% of total program funds. There is a 90 day mandatory time limit after receipt of a completed application for issuing air quality permits. The agency has the authority to charge air permitting fees, and does charge a uniform $20 one-time processing and 5 year renewal fee set by the state legislature. Fees are collected by the department, and revenues are deposited in the state general fund. Legislation under consideration would require fees to be vested on source size and type and would create a Permit Fee Trust Fund within the agency. Fee collections are estimated to be less than 1% of the agency's operating budget in FY 1982.

Water Quality Program Florida's water quality program has 360 positions authorized and 360 positions funded. In FY 1982 the state provided $8,444,819 or 86.6% of total program funds, while the federal government provided $1,300,000 or 13.4% of total program cost. There is a 90 day mandatory time limit after receipt of a completed application for issuing permits. As in the air program, the water quality program charges $20 one-time processing and 5 year renewal fees in accordance with the fee schedule established by the state legislature. Legislation under consideration would base fees on source size and type and the complexity of the application. Fees are collected by the department and deposited in the state general fund, though legislation under consideration would place fee revenues in an agency trust fund. Collections currently represent less than 1% of the operating budget.

Hazardous Waste Program Florida's hazardous waste program has 36 positions authorized and 36 positions funded. In FY 1982 the state supported the hazardous waste program with $131,288 or 10.8% of total program cost while the federal government provided $1,083,783 or 89.2% of total program funds. There is a 90 day mandatory time limit for issuing hazardous waste permits after receipt of a completed application. The agency does not presently charge permit fees, but has the authority to charge up to $1000 for each permit and expects to begin collecting permitting fees in FY 1983.

Water Supply Program Florida's water supply program has 40 full-time positions plus 17 work years of part-time positions authorized. All are currently funded. In FY 1982 the state provided $1,092,240 or 52.37% of total program funds while the federal government provided $993,400 or 47.63% of total program support. As with the air and water quality programs, there is a 90 day mandatory time limit after receipt of a completed application for issuing permits. The program charges $20 one-time processing and 5 year renewal fees set by the legislature. Legislation under consideration would base fees on source size and type and the complexity of the application. Currently the department collects the fees and deposits revenues in the state general fund. As with the other programs, proposed changes in the fee system would create a permit fee trust fund within the agency. Current fee revenues are less than 1% of the agency's operating budget.

GEORGIA

In Georgia the Director of the Environmental Protection Division of the state Department of Natural Resources oversees both permitting and management responsibilities for the air quality, water quality, hazardous waste, and water supply programs. Current Offical:

Leonard Ledbetter
Director, Environmental Protection Division

Air Quality Program Georgia's air quality program has 85 positions authorized and 83 positions funded. In FY 1982 the state provided $1,325,633 or 56% of total program funds, while federal funds totaled $1,050,000 or 44% of program costs. There are no mandatory time limits for permit issuance in Georgia's air program. The program has authority to charge permit fees but does not currently do so and has no present plans to institute a fee system, though it would consider a fee system if other states also did.

Water Quality Program Georgia's water quality program has 146 positions authorized and 146 positions funded. In FY 1982 state funds totaled $1,457,574 or 49% of the water quality program budget, while the federal government provided $1,519,000 or 51%. Water quality permits are usually issued within 90 days of receipt of a completed application. The water quality program does not have the legal authority to charge permit fees, and there are no plans to seek such authority in the near future.

Hazardous Waste Program Georgia's hazardous waste program has 26 positions authorized and 26 positions funded. In FY 1982 the state provided $236,856 or 25% of the total program budget, while federal funds amounted to $710,568 or 75%. There is no mandatory time limit in Georgia for issuing hazardous waste permits. The hazardous waste program does not have the authority to charge permit fees and does not have present plans to seek such authority.

Water Supply Program Georgia's water supply program has 55 positions authorized and 54 positions funded. In FY 1982 the state provided $760,188 or 56.7% of total program funds, while the federal government provided $580,300 or 43.3% of program support. There is no mandatory time limit in Georgia to issue permits. As with the other programs, the water supply program does not have authority to charge permit fees and has no current plans to request such authority.

GUAM

The Administrator of the Guam Environmental Protection Agency is responsible for overseeing the air, water quality, hazardous waste, and water supply programs in the Territory. All of the permitting and management responsibilities are concentrated in the Guam Environmental Protection Agency. Current Official:

Richard C. Duenas
Administrator

Air Quality Program Guam's air program has 3 positions authorized and 3 positions funded. In FY 1982 the federal government provided $73,000 of Guam's air program budget, while the state provided a block appropriation of $240,000 to the Guam EPA for all environmental programs (not program specific). There is a 90 day mandatory time limit for acting on permits to construct and a 60 day mandatory time limit for permits to operate, after submission of a completed application. The air agency does not have authority to charge permit fees, nor are there plans to develop that authority in the future.

Water Quality Program Guam's water quality program has 3 positions authorized and 3 positions funded. In FY 1982 the federal government provided $419,600 for Guam's water quality program. The agency does not currently have authority to charge permit fees.

Hazardous Waste Program Guam's hazardous waste program has 3 positions authorized and 3 positions funded. In FY 1982 the federal government provided $90,000 for Guam's solid and hazardous waste program. There are no mandatory time limits for permit issuance. The agency does not have authority to charge permit fees, nor are there any plans to develop such authority in the future.

Water Supply Program Guam's water supply program has 3 positions authorized and 2 positions funded. In FY 1982 the federal government provided $131,400 for Guam's safe drinking water program. There are no mandatory time limits for permit issuance. The agency charges one-time permit and operating fees, which are set by statute or regulation and reflect a flat rate. The fees are collected by the Treasurer of Guam and deposited in the state general fund. The fees are not considered part of the state appropriation nor identified as agency money during the budget process. The fees generate approximately $100-200 per year.

HAWAII

In Hawaii both management and permitting responsibilities for the air quality, water quality, hazardous waste, and water supply programs are vested in the Department of Health. Current Official:

George Yuen
Director, Department of Health

Air Quality Program Hawaii's air program has 25 positions authorized and 25 positions funded. In FY 1982 the state provided $312,008 or 41% of the air program budget, while the federal government provided $440,000 or 59% of total program funds. There is a 180 day mandatory time limit for issuing air permits in Hawaii. The state charges a fee for issuing construction and operating permits. Fees are set and collected by the State Department of Health with revenues going to the state general fund. Fee revenues amount to about $2,000 annually, which is a negligible percentage of total program costs.

Water Quality Program Hawaii's water quality program has 35 positions authorized and 35 positions funded. In FY 1982 the state provided $372,105 or 52% of the total program funds, while federal funds totaled $340,000 or 48% of the total program budget. There is a 180 day mandatory time limit for issuing water quality permits. The state charges a processing fee for permits issued. The Department of Health sets and collects the fees, which are currently a flat rate of $100 per application. The revenue accrues to the state's general fund and averages about $1,000 per year, a negligible percentage of the operating budget.

Hazardous Waste Program Hawaii's hazardous waste program has 3 positions authorized and 3 positions funded. In FY 1982 the state provided $15,000 or 15% of total program funds, while the federal government provided $85,000 or 85% of the total program budget. There are no mandatory time limits for issuing hazardous waste permits. The agency charges a one-time filing fee. The Department of Health sets and collects these fees. Fees are currently a flat rate of $20 soon to be raised to $50 per application. Revenues are negligible and go to the state general fund.

Water Supply Program Hawaii's water supply program has 8 positions authorized and 8 positions funded. In FY 1982 the state provided $296,605 or 39% of total program funds, while federal funds accounted for $469,886 or 61% of total program budget. The agency does not issue drinking water permits.

IDAHO

In Idaho the state Department of Health and Welfare oversees the construction grants, source control, planning and monitoring aspects of the water quality program, as well as the water supply and solid waste programs. In addition, the air program has been located in this Department though the state does not currently administer the air quality program. The Deparment of Water Resources oversees injection well permits, stream bed alteration permits, and water resources planning. Current Officials;

Mr. T. C. Purce
Director, Department of Health and
Welfare

Mr. Kenneth Dunn
Director, Department of Water
Resources

Air Quality Program Idaho does not manage the air quality program at the present time.

Water Quality Program Idaho's water quality program has 53 positions authorized and 53 positions funded. In FY 1982 the state provided $618,800 or 21% of the program budget, while the federal government provided $2,382,500 or 79% of total program funds. EPA operates the NPDES permitting program in Idaho, but the state has 30 days to certify each permit after close of the public comment period. The Department of Health and Welfare has the authority to charge fees but presently does not do so.

Hazardous Waste Program Idaho has 4.59 full time positions in the hazardous waste program. All these positions are currently funded. In FY 1982 the state provided $34,700 or 18% of total program funds, while the federal government provided $158,500 or 82% of the program budget. There is no mandatory time limit for issuing hazardous waste permits in Idaho. The agency has authority to charge permit fees and, although it does not currently do so, it is investigating the possibility and may establish a fee system for FY 1983 or 1984.

Water Supply Program Idaho's water supply program has 13.5 positions authorized and 13.5 positions funded. In FY 1982 the state provided $121,800 or 24% of the program budget, while federal support totaled $385,500 or 76% of the total program funds. There is no mandatory time limit for issuing water supply permits. The agency has the authority to charge water supply permitting fees, but does not have a fee system in place and indicates no plans to develop a fee system in the near future.

ILLINOIS

Illinois has an Environmental Protection Agency with central responsibilities for management and permitting under the air quality, water quality, hazardous waste, and water supply programs. Current Official:

Roger Kanerva
Manager, Environmental Programs

Air Quality Program Illinois' air quality program has 139 positions authorized and 139 positions funded. In FY 1982 the state provided $2,258,983 or 37% of total program funds, while the federal government provided $3,902,200 or 63% of the program budget. There is a 90 day mandatory time limit for issuing air quality permits, or 180 days where the opportunity for a public hearing is required. The agency has legislative authority to charge permit fees but does not charge them at the present time. Efforts are underway to establish a fee system designed to raise about $2 million annually, or 35% of the agency's operating budget (permitting and inspection costs).

Water Quality Program Illinois' water quality program has 244 positions authorized and 244 positions funded. In FY 1982 state funds totaled $3,586,000 or 65.1% of the total program budget, while the federal government provided $1,920,000 or 34.9% of the program funds. There is a 90 day mandatory time limit for issuing state construction permits. The agency has authority to charge water quality permitting fees, but does not currently do so. A preliminary plan for charging fees has been developed, but it is not being considered for implementation before FY 1984.

Hazardous Waste Program The Illinois hazardous waste program has 115 positions authorized and 115 positions funded. In FY 1982 the state provided $488,400 or 21% of the total program funds, while federal support accounted for $1,800,700 or 79% of the program budget. There is currently a 180 day time limit for issuing state permits for hazardous waste facilities, and a 90 day time limit for supplemental permits for hazardous waste streams. However, once Illinois receives Phase II authorization from the EPA there will be no time limit for a hazardous waste facility permit. The agency has authority to charge permit fees in the hazardous program; currently the agency charges for waste disposal and is considering a fee for facility permitting.

Water Supply Program The Illinois water supply program has 59 positions authorized and 54 positions funded. In FY 1982 the state provided $741,400 or 39% of the program budget, while the federal government provided $1,149,900 or 61% of total program funds. There is a 90 day time limit for issuing water supply permits. The agency has the authority to collect reasonable permit fees which may not exceed the actual cost of inspection and permit issuance. The agency does not currently collect such fees, but is considering doing so in the future.

INDIANA

In Indiana the Assistant Commissioner for Environmental Health of the State Board of Health supervises the divisions of Air Pollution Control, Water Pollution Control, Land Pollution Control, and Sanitary Engineering. He also serves as technical secretary of the Environmental Management Board, an umbrella agency which oversees program management and permitting in the air, water, and hazardous waste programs. Permitting responsibilities themselves are vested in an Air Pollution Control Board, a Stream Pollution Control Board (wastewater discharge permits), and the Environmental Management Board, which issues water supply and land disposal permits. Current Official:

Mr. Ralph Pickard
Assistant Commissioner for Environmental Health

Air Quality Programs Indiana's air quality program has 101 positions authorized and 101 positions funded. In FY 1982 the state provided $1,587,689 or 43.4% of total program funds, while federal funds equaled $2,073,492 or 56.6% of the program budget. There is no mandatory time limit for issuing air quality permits in Indiana. Indiana has a permit review fee for new applications and a 4 year operating permit fee. The Air Board sets the fee schedule based on the size and type of the facility. The Indiana State Board of Health collects the fees and the revenues go to the state general fund. Annual income from the fees is approximately $40,000 or 1% of the agency's operating budget. The fee schedule is designed to recover the state's administrative costs associated with each permit.

Water Quality Program Indiana's water quality program has 111 positions authorized and funded but 30 positions currently vacant and frozen. In FY 1982 the state provided $2,317,564 or 68% of the total program funds, while the federal government provided $1,090,618 or 32% of the program budget. There are no mandatory time limits for issuing water quality permits. The state does charge a one time permit processing fee, based on the size of the source. Fees are collected by the Indiana Stream Pollution Control Board and deposited in the state general fund.

Hazardous Waste Program Indiana's hazardous waste program has 50 positions authorized and 50 positions funded. In FY 1982 the state provided $293,147 or 25% of program funds, while the federal government provided $879,440 or 75% of the total program budget. There are no mandatory time limits for issuing hazardous waste permits. The agency has the authority to charge permit fees, but presently does not do so and has no plans to initiate a fee system in the future.

Water Supply Program Indiana's water supply program has 17 positions authorized and 9 positions funded. In FY 1982 the state provided $225,000 or 100% of total program funds. There is a 60 day mandatory time limit for issuing a construction permit. The agency does not presently charge permit fees and indicates no plans to begin doing so, though it has the legal authority to.

IOWA

In Iowa the Department of Environmental Quality exercises both management and permitting responsibilities for the air quality, water quality, hazardous waste, and water supply programs. The policy and rulemaking activities of the Department are the responsibility of a nine member commission appointed by the Governor. Current Official:

Allan F. Stokes,
Acting Executive Director, Department of Environmental Quality

Air Quality Program Iowa's air quality program has 16 positions authorized and 15 positions funded. In FY 1982 the state provided $281,050 or 29% of total air program funds, while the federal government provided $665,392 or 71% of the program budget. There is a 60 day mandatory time limit for issuing air quality permits after receipt of a complete application. The agency presently does not charge air permit fees but has the authority to do so. This authority is currently under review by the state legislature and future agency initiatives on implementing a fee system will depend on legislative direction.

Water Quality Program Iowa's water quality program has 27 positions authorized and 27 positions funded. In FY 1982 the state provided $466,237 or 38% of program funds, while federal funds totaled $740,000 or 62% of the program budget. There are no time limits for issuance of NPDES permits, but operating permits are subject to a 90 day limitation and construction permits must be issued within 60 days. In both cases an extension can be granted by providing a written notice to the applicant. The agency presently does not charge water quality permitting fees but the agency has the authority to do so. Legislation has been proposed to correct deficiencies in the authority for permit fees, and the agency may propose to adopt a fee system within the next year.

Hazardous Waste Program Iowa's hazardous waste program has 17 positions authorized and 17 positions funded. In FY 1982 the state provided $237,739 or 38% of the program budget, while the federal government funded $389,500 or 62% of the hazardous waste program costs. There are no mandatory time limits for issuing hazardous waste permits. The agency does not have the authority to charge hazardous waste permit fees but can charge a facility siting fee. Regulations are currently under development to implement a siting fee system.

Water Supply Program At the present time Iowa does not have a drinking water program because of budget cuts.

KANSAS

In Kansas the management and permitting responsibilities for the air quality, water quality, and hazardous waste programs are under the jurisdiction of the Division of Environment of the state Department of Health and Environment. The Division of Water Resources of the state Board of Agriculture issues appropriation rights for water supply. Current Officials:

James F. Aiken, Jr.
Director, Division of Environment

Joseph F. Hawkins
Secretary, Kansas Dept. of Health & Environment

Air Quality Program Kansas' air quality program has 30 positions authorized and 29.5 positions funded. In FY 1982 the state provided $239,500 or 25% of total program cost, while federal funds accounted for $708,000 or 75% of the program budget. There are no mandatory time limits for issuing air permits. The agency does not have authority to charge permit fees, and in 1979, 1980, and 1981 the legislature rejected proposals to develop such authority. There are no present plans to seek that authority in the future.

Water Quality Program Kansas' water quality program has 62 positions authorized and 59 positions funded. In FY 1982 the state provided $647,000 or 42% of the total program budget, while the federal government provided $902,000 or 52% of the program funds. There are no mandatory time limits for permit issuance, but the agency feels an obligation to issue the permits as promptly as possible. Kansas does charge a water quality permitting fee, usually payable annually for the five year duration of the permit. The fees are set by state regulations based on the type and amount of wastes discharged. Revenues are collected by the Bureau of Water Quality of the Kansas Department of Health and Environment but go to the state general fund. Annual revenues amount to about $45,300.

Hazardous Waste Program Kansas' hazardous waste program has 13 positions authorized and 13 positions funded. In FY 1982 state funds totaled $135,000 or 27% of the program budget, while the federal government provided $369,000 or 73% of total program funds. There is a 240 day mandatory time limit for issuing permits for a hazardous waste storage, treatment, or on-site disposal facility. The agency has the authority to charge an annual permit fee of $50.00, an annual monitoring fee, and a monthly "perpetual care" fee based on the volume of waste. The legislature has established a maximum limit of $.25 per cubic foot for the perpetual care fee. The Kansas Department of Health and Environment collects the fees and places revenues in the state general fund. The fees total approximately $80,000 a year or 15% of the agency's total operating budget, an amount sufficient to reimburse the cost of performing the monitoring activities.

Water Supply Program Kansas' water supply program has 16 full-time and 12 part-time positions authorized. All are funded. In FY 1982 the state provided $200,342 or 34.4% of total program funds, while the federal government provided $382,300 or 65.6% of the water supply program budget. There is no mandatory time limit for permit issuance, but the agency expects to respond within 30 days. The agency does not charge a water supply permit fee, but there is a laboratory fee which results in annual collections of approximately $160,000. Revenues are deposited in the state general fund.

KENTUCKY

In Kentucky permitting and management responsibilities for the air quality, water quality, hazardous waste, and water supply programs are vested in the Bureau of Environmental Protection in the Kentucky Department for Natural Resources and Environmental Protection. The Bureau has three divisions: Air Pollution Control, Water (with jurisdiction over both water quality and water supply), and Waste Management. Current Officials:

T. Michael Taimi,
Acting Commissioner, Bureau of
Environmental Protection

Jackie Swigart
Secretary, Dept. for Natural
Resources and Environmental
Protection

Air Quality Program Kentucky's air quality program has 143 positions authorized and 110 positions funded. In FY 1982 the state provided $1,489,500 or 53% of total program funds, while the federal government provided $1,200,000 or 42% of the program budget. There is a one year time limit for issuing PSD permits. The agency charges a one-time permit processing fee which is set by departmental regulation based on the complexity of permit review. The agency collects the fees and uses them to cover the cost of processing. The annual income is approximately $150,000 or 5% of the operating budget. The fees are not considered part of the state appropriation but they are considered agency receipts.

Water Quality Program Kentucky's water quality program has 57.85 positions authorized and 57.85 positions funded. In FY 1982 the state provided $1,254,317 or 62% of the total program cost, while the federal government provided $750,000 or 38% of program funds. There is no mandatory time limit for issuing water quality permits. The agency does not currently charge permit or processing fees, but the Department for Natural Resources and Environmental Protection has the authority to do so. The Department is considering a permit fee system as a mechanism for funding state delegation of the NPDES program.

Hazardous Waste Program Kentucky's hazardous waste program has 82 positions authorized and 82 positions funded. In FY 1982 the state provided $149,805 or 17% of total program funds, while the federal government provided $723,078 or 83% of program resources. There is a 90 day mandatory time limit for administrative and technical review of permit applications. The agency charges a one-time permit processing fee on waste generators and facilities. The Division of Waste Management promulgates regulations to set these fees based on source size and waste type. The Division collects the fees and deposits revenues in its operating fund. Annual revenues are approximately $67,000 or 3% of the program's operating budget. The fees are included in the total state budget for the division.

Water Supply Program Kentucky's water supply program has 28 positions authorized and 28 positions funded. In FY 1982 the state provided $892,940 or 72% of program funds, while the federal government provided $352,400 or 28% of the program budget. There is no mandatory time limit for issuing water supply permits. The agency has authority to charge permit fees only for privately owned facilities. The agency does not currently charge such fees and has no plans to do so in the future.

LOUISIANA

In Louisiana management responsibilities for environmental programs are vested in the Department of Natural Resources' Office of Environmental Affairs. The Office of Environmental Affairs includes six divisions: Air Quality, Water Pollution Control, Hazardous Waste, Solid Waste, Nuclear Energy and the Louisiana Resources Recovery & Development Authority. The Water Supply Program is the responsibility of the Department of Health and Human Resources. Current Officials:

B. Jim Porter Assistant Secretary for Environmental Affairs	Frank P. Simoneaux Secretary, Department of Natural Resources

Permit applications are brought before the state Environmental Control Commission for issuance or denial. The only exception is that the Assistant Secretary may issue permits for non-commercial hazardous waste disposal. The Environmental Control

Commission is composed by law of the Secretaries of the state departments of Health and Human Resources; Transportation and Development; Wildlife and Fisheries; Agriculture; Natural Resources; Commerce; and Culture, Recreation, and Tourism.

Air Quality Program The Louisiana air quality program has 86 position authorized and 86 positions funded. In FY 1982 the state provided $1,400,000 or 50% of the total program costs, while the federal government also funded $1,400,000 or 50% of the air program budget. There are no mandatory time limits for issuing air quality permits in Louisiana. The agency charges both a permit processing fee and an annual compliance fee set by the Environmental Control Commission. Sources are categorized by a standard industrial classification code and the fees are based on the size of the source. The Air Quality Division collects the fees, and the money goes directly to the Air Quality Division fund. Annual collections are approximately $803,000 or 12% of the total air program budget. The fees are considered part of the state appropriation.

Water Quality Program Louisiana's water quality program has 96 positions authorized and 100 positions funded. In FY 1982 the state provided $4,801,410 or 76% of the total program budget, and fee revenues accounted for $487,827 or 7% of program support. Federal funds totaled 1,069,814 or 17% of the program budget. There are no mandatory time limits for issuing water quality permits. The Water Pollution Control Division is authorized to charge an annual inspection and operating fee set by the Environmental Control Commission. The fee schedule is based on waste volume, toxicity and other factors. The Water Pollution Control Division collects the fees, and the money goes directly to the agency. The annual income from fees is approximately $1,000,000.

Hazardous Waste Program Louisiana's hazardous waste program has 32 positions authorized and 32 positions funded. In FY 1982 the state provided $960,000 or $41.2% of the total program cost, while the federal government provided $1,367,760 or 58.8% of the program budget. There is a 150 day mandatory time limit on the Environmental Control Commission for issuing hazardous waste permits. The state charges a one-time permit application fee and a yearly permit maintenance fee. The Environmental Control Commission sets the fees, based on a fee schedule, considering the size and type of the source. Fees are collected by the Hazardous Waste Division and deposited in a special earmarked fund in the Hazardous Waste Division account. The annual income from fees is approximately $1,000,000.

Water Supply Program Louisiana's water supply program has 68 positions authorized and 68 positions funded. In FY 1982 the state provided $978,000 or 51% of the total program, while federal funds accounted for $565,000 or 29%. Another $386,000 or 29% of the budget came from local sources. There are no mandatory time limits for issuing water supply permits, and the agency does not have the authority to charge permit fees.

MAINE

In Maine both management and permitting responsibilities for the air quality, water quality and solid waste programs are vested in the Maine Department of Environmental Protection, while the Department of Human Services is responsible for the water supply program. A Board of Environmental Protection oversees the Department and establishes overall policy. Current Official:

Henry Warren
Commissioner, Department of Environmental Protection

Air Quality Program Maine's air quality program has 30 positions authorized and 31 positions funded. In FY 1982 the state provided $284,000 or 38% of total program funds, while the federal government provided $463,000 or 62% of the program budget. There is a 180 day mandatory time limit for issuing air quality permits in Maine. The agency has the authority to charge an annual permit fee. The Board of Environmental Protection sets the fees based on the size of the source. The Bureau of Air Quality Control collects the fees which are deposited in the state general fund. The annual income is approximately $34,000 or 5% of the total operating budget. The fees are not considered part of the state appropriation and the fees are not set to cover any particular portion of the agency's administrative costs.

Water Quality Program Maine's water quality program has 102 authorized positions and 101 positions funded. In FY 1982 the state provided $894,000 or 42% of the program budget, while the federal government provided $1,237,000 or 58% of total program funds. There is a 180 day mandatory time limit for issuing water quality permits in Maine. The agency charges an annual permit fee set by the Board of Environmental Protection based on the amount of discharge, though fees cannot exceed $500. The Bureau of Water Quality Control collects the fees and deposits the revenues into the state general fund. The annual income is approximately $38,000. The fees are not considered part of the state appropriation to the agency and are not set to recover any particular part of the agency's administrative costs.

Hazardous Waste Program Maine's hazardous waste program has 12 authorized positions and 7 positions funded. In FY 1982 the federal government funded $170,000 or 100% of the cost of the state's hazardous waste program. There are no mandatory time limits for issuing hazardous waste permits in Maine. The agency does not currently charge permit fees but has the authority to do so and may in the future once standards are promulgated.

Water Supply Program Maine's water supply program has 9 positions authorized and 9 positions funded. In FY 1982 the state provided $185,034 or 39% of total program cost, while federal funds accounted for $294,500 or 61.% of the program budget. There are no mandatory time limits for issuing water supply permits. The agency does not have authority to charge permit fees or plan to develop such authority in the future.

MARYLAND

In Maryland permitting responsibilities for air and solid waste are concentrated in the Office of Environmental Programs of the state Department of Health and Mental Hygiene, while water quality and water supply permitting responsibilities are split between the Office of Environmental Programs (OEP) and the Department of Natural Resources (DNR). The OEP issues discharge and well permits, while the DNR issues permits for sediment control, wetlands, waterway construction, and water supply appropriations. Current Official:

William Eichbaum
Assistant Secretary, Department of Health and Mental Hygiene

Air Quality Program Maryland's air program has 75 positions authorized and 75 positions funded. In FY 1982 the state provided $2,018,512 or 55% of the total air program budget, while the federal government provided $1,640,884 or 45% of program funds. There is a 60 day mandatory time limit for issuing air quality permits in Maryland. The agency does not currently charge permit fees but plans to use its authority to do so by the end of 1982.

Water Quality Program Maryland's water quality program has 166 positions authorized and 166 positions funded. In FY 1982 the state provided $1,863,891 or 44.1% of the total program costs, while federal funds accounted for $2,358,571 or 55.9% of the program budget. There are no mandatory time limits for issuing water quality permits in Maryland. The state does charge a one-time permit processing fee of $10. The Office of Environmental Programs collects the fees and deposits revenues into the state general fund. Annually the fee system collects about $500 or .1% of the total operating costs.

Hazardous Waste Program Maryland's hazardous waste program has 18 positions authorized and 18 positions funded. In FY 1982 the state provided $300,000 or 35% of the total program cost while the federal government provided $569,000 or 65% of the program budget. The agency charges an annual permit fee established by the agency based on the type of waste, the volume of waste, the classification of the permit, and the degree of monitoring necessary. The permitting agency collects the fees and deposits revenues into the agency's Hazardous Substances Control Fund. The annual income from the fees is approximately $500,000 but the fund is not part of the state appropriation or the agency's operating budget.

Water Supply Program Maryland's water supply program has 19 positions authorized and 19 positions funded. In FY 1982 the state provided $49,258 or 12.3% of total program funds, while the federal government provided $351,202 or 87.7% of the program budget. There is a 30 day mandatory time limit for issuing water supply permits. The agency does not charge water supply permit fees.

MASSACHUSETTS

In Massachusetts the Department of Environmental Quality Engineering oversees the air quality, water quality, hazardous waste, and water supply programs. The Department is organized by media, with both management and permitting responsibilities vested in each unit. Current Official:

Anthony Cortese
Commissioner, Department of Environmental Quality Engineering

Air Quality Program Massachusetts' air quality program has 177 positions authorized and 128 positions funded. In FY 1982 the state provided $1,550,000 or 38% of air program funds, while the federal government provided $2,539,000 or 62% of the program budget. There is a 60 day mandatory time limit for issuing air quality permits in Massachusetts. The air quality agency does not have authority to charge permitting fees but is currently attempting to obtain such authority and hopes to initiate a fee system in FY 1983.

Water Quality Program Massachusetts' water quality program has 249 positions authorized and 154 positions funded. In FY 1982 the state provided $1,700,000 or 36% of program funds, while the federal government provided $3,000,000 or 64% of the program budget. The agency is under no mandatory time limits for issuing water quality permits. It does not presently charge permit fees but has authority to do so and plans to begin charging fees in the near future.

Hazardous Waste Program Massachusetts' hazardous waste program has 72 positions authorized and 66 positions funded. In FY 1982 the state provided $803,000 or 52% of the program budget, while federal funds accounted for 744,000 or 48% of the total program.

There are no mandatory time limits for issuing hazardous waste permits. The agency has the authority to charge a $100 annual fee for hazardous waste licensees, but the state has plans to expand fee structure to cover additional costs. The fee is set by statute and is standard regardless of the size of the source. The Division of Hazardous Waste collects the fees, which go to the state general fund. Annual revenues are approximately $18,000. The fees are not considered part of the state appropriation, and the fees are not set to cover any actual portion of the agency's administrative costs, but the Department is studying the use of fees to cover administrative costs in the future.

Water Supply Program Massachusetts' water supply program has 45 positions authorized and 37 positions funded. In FY 1982 the state provided $728,000 or 59% of program funds, while federal funds accounted for $499,000 or 41% of the program budget. There is no mandatory time limit for issuing water supply permits in Massachusetts. The agency does charge a $25 fee to maintain a cross-connection for one year. The Department collects the fees and deposits revenues in the state general fund. Current fee revenues account for less than 1% of the agency's annual budget.

MICHIGAN

In Michigan the air pollution control, water pollution control, and the solid and hazardous waste programs are administered within the Environmental Protection Bureau of the Michigan Department of Natural Resources. The water supply program is the responsibility of the Water Supply Division of the state's Department of Public Health. Current Officials:

Gary E. Guenther Deputy Director of the Environmental Protection Bureau	William Kelley Chief of the Water Supply Division

Air Quality Program Michigan's air quality program has 93.5 positions authorized and 93.5 positions funded. In FY 1982 the state provided $671,900 or 17% of the total program budget, while federal funds amounted to $1,451,000 or 38% of the total program cost. Surveillance fees provided approximately $1,736,900 or 45% of the program budget. The air program operates under a 60 day mandatory time limit for permit issuance. The Department does not have authority to charge permit fees but does levy an annual surveillance fee. The annual fee is set by the Michigan Air Pollution Control Commission and is composed of an administrative fee and additional fee based on investigative effort and the emissions associated with the proposed source. The state Department of the Treasury collects the fees, which are considered to be part of the agency's state appropriations and used to "repay" the appropriated fees account. By a legislative mandate the surveillance fees are being phased out and will be eliminated entirely by FY 1985.

Water Quality Program Michigan's water quality program has 390 positions authorized and 322 positions funded. In FY 1982 the state provided $2,372,900 or 17% of the total program budget, while the federal government provided $7,061,400 or 50.6% of the program cost. Michigan's surveillance fee system contributed $4,514,000 or 32.4% of the total program cost. There are no mandatory time limits for issuing water quality permits in Michigan. Presently the agency does not charge a permit fee but does charge the annual surveillance fee referenced above. The surveillance fee is based on the volume and type of waste discharge. The legislature has ordered that the surveillance fee be phased out by FY 1985. This has led to renewed interest in charging a permit fee.

Hazardous Waste Program In FY 1982 the state provided $758,539 or 30.7% of the hazardous waste program funds, while the federal government funded $1,708,032 or 69.3% of the total program cost. The hazardous waste program operates under a 90 day mandatory time limit for issuing operating permits. The agency charges a one-time construction permit fee which is based on the type and size of the facility, projected waste volume and, for landfills, on hydrogeological characteristics. The state also charges for renewals of facility operating licenses ($500 per renewal), and charges for waste hauler licenses. Annual income from all fees is projected to be about $250,000 - $300,000 per year. Revenues are deposited in the state general fund, with no portion earmarked for program management. In addition, surcharges on waste destined for long term containment raise $700,000 - $800,000 per year. These revenues are deposited in a special trust fund to provide long term care of closed facilities.

Water Supply Program Michigan's water supply program has 37 positions authorized and 37 positions funded. In FY 1982 the state provided $1,265,500 or 55% of the program budget, while the federal government provided $1,045,900 or 45% of the total program cost. There are no mandatory time limits for issuing water supply permits in Michigan. The agency does not have the authority to charge permit fees and has no plans to seek such authority, although a fee system is being investigated for laboratory analysis.

MINNESOTA

In Minnesota both management and permitting responsibilities for the .the air quality, water quality, and solid waste programs are exercised by the Minnesota Pollution Control Agency. The Water Supply Program is divided into the State Public Water Supply Supervision Program and the Underground Injection Control Program. The Underground Injection Control Program is vested in the state Pollution Control Agency. The Department of Health is responsible for the State Public Water Supply Supervision Program. Current Officials:

Louis Breimhurst
Director, Minnesota Pollution
Control Agency

Dr. George Pettersen
Commissioner of Health

Air Quality Program Minnesota's air quality program has 63 positions authorized and 63 positions funded. In FY 1982 the state provided $1,167,068 or 48% of total program funds, while the federal government provided $1,527,080 or 52% of the program cost. There is a 105 day mandatory time limit for issuing air permits to sources greater than 1000 tons per year, but the agency has no authority to charge permit fees.

Water Quality Program Minnesota's water quality program has 178 positions authorized and 152 positions funded. In FY 1982 the state provided $2,383,265 or 46% of the total program funds, while the federal government provided $2,709,731 or 54% of the program budget. There are no mandatory time limits for issuing water quality permits in Minnesota. The agency currently has no authority to charge water quality permit fees, and there are no efforts underway to develop such authority.

Hazardous Waste Program Minnesota's hazardous waste program has 47 positions authorized and 44 positions funded. In FY 1982 the state provided $722,200 or 59% of hazardous waste program funds, while the federal government provided $501,000 or 41% of the total program budget. There are no mandatory time limits for processing hazardous waste permits. The agency does not currently have the authority to charge permit fees but there are efforts underway to create a system to fund the program through permit fees.

Water Supply Program The Minnesota water supply program has 45.5 positions authorized and 45.5 positions funded. In FY 1982 the state provided $792,879 or 53% of the total program costs, while federal funds accounted for $655,900 or 44% of the program budget. The Center for Disease Control provided $42,118 or 3% of the total program costs. There are no mandatory time limits for issuing water supply permits. The agency has authority to charge user fees for analytical services only. Fee revenues are deposited in the state general fund and are not available to the agency. The agency may not charge permit or processing fees, and there are currently no plans to change this policy.

MISSISSIPPI

In Mississippi the Executive Director of the Department of Natural Resources (DNR) is responsible for the air quality, water quality, and solid waste programs. The Executive Director is in turn responsible to a seven person lay commission appointed by the Governor, which establishes overall departmental policy. The water supply program is the responsibility of the State Department of Health. Most permitting responsibilities in environmental programs are exercised by a state Permit Board. The Executive Director of the DNR is executive director of the Permit Board while five other directors of state agencies overseeing environmental health, wildlife, land and water resources, and oil and gas resources are Board members ex officio. Current Officials:

Charlie L. Blalock
Executive Director, Mississippi
Department of Natural Resources

Dr. Alton Cobb
Director, Mississippi Department of
Health

Air Quality Program The Mississippi air program has 27 positions authorizied and 26 positions funded. In FY 1982 the state provided $443,000 or 40% of total program funds, while the federal government provided $665,000 or 60% of the program budget. There is a 180 day mandatory time limit for issuing air quality permits. The agency currently has no authority to charge permitting fees and there are no plans to develop such authority in the near future.

Water Quality Program The Mississippi water quality program has 62 positions authorized and 60 positions funded. In FY 1982 the state provided $725,000 or 49% of total program funds, while federal funds accounted for $760,000 or 51% of the program budget. There is a 180 day mandatory time limit for issuing water quality permits. As with the air program, the water quality agency has no authority to charge permit fees and no plans to develop that authority in the near future.

Hazardous Waste Program In Mississippi's hazardous waste program there are 10 positions authorized and 9 positions funded. In FY 1982 state funds accounted for $200,149 or 41% of the total program cost, while the federal government provided $285,000 or 59% of the program budget. There are no mandatory time limits for issuing hazardous waste permits. The agency has no authority to charge permit fees and there are currently no plans to develop that authority.

Water Supply Program In Mississippi's water supply program there are 19 positions authorized and 19 positions funded. In FY 1982 the state provided $157,567 or 25% of the total program cost, while the federal government provided $457,700 or 75% of the program budget. As with the other programs described above, there are no mandatory time limits for permit issuance, no authority to charge permit fees, and no plans to develop that authority in the future.

MISSOURI

The Director of the Division of Environmental Quality of the state Department of Natural Resources is responsible for overseeing the air quality, water quality, hazardous waste, and water supply programs in Missouri. Both permitting and management functions are coordinated in the Division. Current Official:

Robert J. Schreiber, P.E.
Director, Division of Environmental Quality

Air Quality Program In Missouri's air quality program there are currently 43.5 positions authorized and 41.5 positions funded. In FY 1982 state and local funds accounted for $1,236,730 or 36% of the program budget, while federal funds amounted to $172,413 or 64% of the program. There is a 90 day time limit for issuing air quality permits to minor sources, and a 184 day time limit for issuing major source permits. The agency has authority to charge a one-time construction permit fee, set by the Missouri Air Conservation Commission based on the size of the source. The air pollution control Agency collects the fees but deposits the annual $5,000-$12,000 collections in the state general fund. The fees are not considered part of the state appropriation and they are not set to cover any administrative costs. The agency is seeking legislative authorization to increase construction permit fees and begin charging operating permit fees.

Water Quality Program Missouri's water quality program has 133.21 positions authorized and 133.21 positions funded. In FY 1982 the state provided $605,956 or 15% of the water quality program budget, while federal funds accounted for $3,388,000 or 85% of the program. There is a 180-day mandatory time limit for issuing water quality permits after receipt of a completed application. The agency charges a one-time, flat rate $25 construction permit fee and a flat rate $75 application fee for a five-year permit. The fees are collected by the Department of Natural Resources' water pollution control program and are deposited in a clean water fund to be appropriated annually to the agency by the state legislature. The annual revenues are approximately $40,000 or about .01% of the operating budget for all water pollution control related activities. The fees are set to help cover the cost of processing the applications.

Hazardous Waste Program Missouri's hazardous waste program has 35.52 positions authorized and 33.25 positions funded. In FY 1982 the state provided $368,082 or 36% of solid and hazardous waste program funds while federal funds totaled $650,000 or 64% of the budget. There is a 180-day time limit for issuing waste permits. The agency has the authority to charge permit fees and presently charges a flat rate $1000 disposal application fee and a flat rate $500 application fee for any other hazardous waste facility. The Department of Natural Resources collects the fees and deposits the revenue in a hazardous waste fund. The annual revenues in FY 82-the first year of collection-were about $60,000, but revenue will increase in the future. The fees are considered part of the state appropriation.

Water Supply Program Missouri's water supply program has 50 positions authorized and 50 positions funded. In FY 1982 the state provided $180,033 or 35% of the water quality program budget, while the federal funds totaled $337,658 or 65% of the total program cost. There is a 30 working day mandatory time limit for issuing permits. The agency does not have the authority to charge permit fees and does not plan to seek such authority in the future.

MONTANA

In Montana the Director of the Department of Health and Environmental Sciences is responsible for overseeing the air quality, water quality, hazardous waste, and water supply programs. Current Official:

Dr. John Drynan
Director, Department of Health and Environmental Sciences

Air Quality Program Montana's air quality program has 23.5 positions authorized and 20.5 positions funded. In FY 1982 the state provided $262,000 or 32% of air program funds, while the federal government provided $550,000 or 68% of the program budget. There is a 60-day mandatory time limit for issuing air quality permits if no environmental impact statement is required, and a 180-day mandatory time limit for projects requiring an EIS. The agency has authority to charge permit fees but does not currently do so and has no plans to develop a fee system in the future.

Water Quality Program Montana's water quality program has 32.1 positions authorized and 32.1 positions funded. In FY 1982 the state provided $148,813 or 12.6% of the program budget, while federal funds totaled $1,026,283 or 87.4% of program funds. There are no mandatory time limits for issuing water quality permits in Montana, though applicants are required to apply at least 180 days prior to discharge. The agency does not have legal authority to charge permit fees and there are currently no efforts to develop the authority.

Hazardous Waste Program Montana's hazardous waste program has 5.05 positions authorized and 5.05 positions funded. In FY 1982 the state provided $39,800 or 14% of the hazardous waste program budget, while federal funds accounted for $239,000 or 86% of total program support. There are no mandatory time limits for issuing hazardous waste permits. The agency has the authority to charge permit fees but at present does not. There are no certain plans to develop such authority.

Water Supply Program Montana's water supply program has 10.4 positions authorized and 10.4 positions funded. In FY 1982 the state provided $85,121 or 21% of program support while the federal government provided $321,000 or 79% of the program budget. There are no mandatory time limits for issuing water supply permits. As with the other programs described above, there is no authority to charge permit fees and there are no plans to seek such authority in the future.

NEBRASKA

The Director of the Department of Environmental Control is responsible for overseeing both management and permitting responsibilities in the air quality, water quality, and hazardous waste programs in Nebraska. The water supply program is vested in the

Department of Health. Current Officials:

Dan T. Drain Director, Department of Environmental Control	Dr. Henry D. Smith Director, Department of Health

Air Quality Program The Nebraska air quality program has 8.5 positions authorized and 8.5 positions funded. In FY 1982 the state provided $258,000 or 25% of program funds while federal support totaled $772,000 or 75% of the program budget. There is a 60-day mandatory time limit for final action in air quality permits unless a hearing is requested. The agency has the authority to charge permit fees for large sources, but does not currently do so, and has no plans to initiate a fee system in the future.

Water Quality Program: Nebraska's water quality program has 23 positions authorized and 25 positions funded. In FY 1982 state funds totaled $394,500 or 14% of water quality program support, while the federal government provided $2,530,800 or 86% of the program budget. State regulations limit the time provided for public comment and hearing prior to issuing water quality permits. The agency has authority to charge permit fees but currently does not do so. If fees were charged, revenues would go to the state general fund. The agency is currently investigating the feasibility of establishing a permit fee system.

Hazardous Waste Program Nebraska's hazardous waste program has 10 positions authorized and 10 positions funded. In FY 1982 the state provided $78,820 or 25% of program funds, while federal support totaled $236,460 or 75% of the program budget. There are no mandatory time limits for issuing hazardous waste permits in Nebraska. Presently the agency does not charge permit fees but is investigating the feasibility of a permit fee program.

Water Supply Program Nebraska's water supply program has 15 positions authorized and 15 positions funded. One funded position will be eliminated in FY 1983. In FY 1982 the state provided $134,000 or 25% of water supply program funds, while federal support totaled $304,000 or 60% of the program budget. Laboratory fee collections account for 15% of total program support. There are no mandatory time limits for issuing water supply permits in Nebraska. The agency does not currently charge permit or operating fees, but does charge a laboratory fee for monitoring water supply systems, sufficient to partially defray the cost of examinations.

NEVADA

In Nevada the Director of the Division of Environmental Protection of the Department of Conservation and Natural Resources is responsible for overseeing both management and permitting responsibilities in the air quality, water quality, and hazardous waste programs. The water supply program is vested in the Division of Health of the Department of Human Resources. Current Officials:

Mr. Roland Westergard Director, Department of Conservation and Natural Resources	Dr. John Carr State Health Officer

Air Quality Program Nevada's air quality program has 11 full-time and 6 part-time positions authorized. All are currently funded. In FY 1982 the state provided $195,000 or

48% of program funds, while federal support totaled $215,000 or 52% of the program budget. State law imposes an 80-day mandatory time limit for issuing air quality permits to minor sources and a 130-day mandatory time limit for issuing PSD permits, (Note: the agency has requested but does not currently have delegation of the PSD program). The agency currently charges a $10 flat rate construction permit fee and a $50 flat rate fee for 5 year operating permits. Fees are established by the State Environmental Commission. The fees are collected by the Division of Environmental Protection, which deposits revenues in the state general fund. The fees are not considered part of the state appropriation to the air quality program.

Water Quality Program Nevada's water quality program has 14 positions authorized and 14 positions funded. In FY 1982 the state provided $252,957 or 36% of program funds, while federal support totaled $451,000 or 64% of the program budget. The water quality agency has the authority to charge a fee to cover the cost of permit processing. The fee is a flat rate $100 per application plus $25 for each discharge point. The fee schedule is established by the State Environmental Commission. The Division of Environmental Protection collects the fees, which become a part of the state appropriation to the water quality agency. The annual income is approximately $3000-$4000 or less than 1% of the operating budget.

Hazardous Waste Program Nevada's hazardous waste program has 7 positions authorized and 7 positions funded. In FY 1982 the state provided $76,000 or 32% of total program funds, while federal funds totaled $160,000 or 68% of the program budget. There are no mandatory time limits for issuing hazardous waste permits in Nevada. Though the agency has authority to charge permit fees it does not currently do so. However, fee regulations and schedules are being developed.

Water Supply Program Nevada's water supply program has 17.5 positions authorized and 17.5 positions funded. In FY 1982 the state provided $227,493 or 40% of the water supply program budget, while federal funds totaled $357,000 or 60% of program support. The water supply agency is developing a permit fee system which will go into effect in FY 1984.

NEW HAMPSHIRE

New Hampshire does not have a single agency responsible for overseeing all environmental programs, though the Governor has appointed a special assistant for environmental affairs. Rather than a single environmental agency, permitting and management responsibilities for each media are vested in separate agencies: an Air Resources Agency, a Water Supply and Pollution Control Agency, and a Bureau of Solid Waste Management. The Air Resources agency and the Water Supply and Pollution Control Agency are responsible to Commissions which oversee their operations and establish policy. Current Official:

Alice Chamberlin
Governor's Special Assistant for Environmental Affairs

Air Quality Program New Hampshire's air quality program has 26 positions authorized and 26 positions funded. In FY 1982 the state provided $172,526 or 26% of the program budget, while federal support totaled $485,000 or 74% of program costs. The Air Resources Agency charges permit review fees, additional review fees (PSD, NSPS, NESHAPS), and operating permit renewal fees. The Air Resources Commission sets the fees based on the size of the source. The Agency bills the permittee with payment a condition of the permit issuance. Revenues go to the permitting agency and provide an annual income of about $45,000 or 7% of the operating budget. The fees are not considered part of the state appropriation and are set to cover approximately 25% of processing and inspection costs for each source.

Water Quality Program New Hampshire's water quality program has 145 positions authorized and 123 positions funded. In FY 1982 the state provided 10% of water quality program funds, while the federal government provided 90%. There are no mandatory time limits for issuing water quality permits in New Hampshire. The agency does not have the authority to charge permit fees and there are no plans to develop that authority in the near future.

Hazardous Waste Program New Hampshire's hazardous waste program has 25 positions authorized and 24 positions funded. In FY 1982 the state provided $325,000 or 61% of the hazardous waste program budget while federal funds totaled $206,000 or 39% of program costs. There is no overall mandatory time limit for issuing hazardous waste permits in New Hampshire, though final decisions must be made within 90 days after hearings are concluded. The agency charges a 5-year permit and renewal fee. The Bureau sets the fees to recover the cost of permit processing based upon the size of the facility. The agency keeps the fee revenues. The fee program was initiated in late 1981 and annual revenues are unknown at the present time. The fees are not considered part of the state appropriations.

Water Supply Program New Hampshire's water supply program has 23 positions authorized and 17 positions funded. In FY 1982 New Hampshire provided $126,214 or 30% of program funds, while the federal government provided $294,500 or 70% of the program budget. The agency does not issue permits, though it must approve designs for new public water systems. There are no time limits for issuing such approvals. The agency does charge a minimal fee for laboratory analysis. Half of the revenues are returned to the general fund while the other half is used to buy lab equipment and supplies.

NEW JERSEY

In New Jersey the air, water quality, hazardous waste, and water supply programs are located in the Department of Environmental Protection. Both management and permitting responsibilities are vested in the agency, with direct oversight provided by the assistant commissioner for Environmental Management and Control. Current Officials:

George Tyler Assistant Commissioner for Environmental Management and Control	Robert E. Hughes Commissioner, New Jersey Department of Environmental Protection

Air Quality Program New Jersey's air quality program has 199 positions authorized and 199 positions funded. In FY 1982 New Jersey provided $3,763,489 or 54.8% of total program costs, while the federal government provided $3,100,000 or 45.2% of the program budget. There are no mandatory time limits for issuing air quality permits in New Jersey, but the policy is to issue permits within 90 days. The agency currently charges a one-time permit fee. The Department of Environmental Protection sets the fees which consist of a standard base fee plus a sliding surcharge based on stack diameter. The agency collects the fees and deposits the revenues into the state general fund. The annual income is approximately $226,500 or 20% of the total program budget. These revenues are not considered part of the state appropriations.

Water Quality Program New Jersey's water quality program has 474 positions authorized and 418 positions funded. In FY 1982 the state provided $2,701,800 or 25% of water quality program funds, while federal support totaled $5,997,666 or 56% of the program budget. Revenues from a Water Conservation Bond Fund accounted for $2,100,000 or 19% of the total program budget. There is a 90-day mandatory time limit on issuing operating and construction permits for sewage treatment works. NJPDES permits are issued within 120 days. The agency charges fees for both sewage construction and NJPDES permits. The Department of Environmental Quality sets the fee schedule based on the quantity of pollutants discharged. The Department collects the fees and deposits the revenues into an earmarked fund for operating the water quality program. The annual income is approximately 2.2 million dollars or 100% of the cost of the NJPDES program. The fees are considered part of the state appropriations to the water quality agency.

Hazardous Waste Program New Jersey's hazardous waste program has 66 positions authorized and 66 positions funded. In FY 1982 New Jersey provided $4,755,000 or 76% of hazardous waste funds, while federal support totaled $1,500,000 or 24% of the program budget. There is a 90-120-day mandatory time limit for issuing hazardous waste permits in New Jersey. The agency charges annual registration and permit processing fees. The Department sets the fee schedule based on the size and type of facility. The Department collects the fees and deposits the revenues in the state general fund. The fees are not considered part of the agency's operating fund or part of the state appropriations, nor are they set to cover any administrative costs.

Water Supply Program In New Jersey's water supply program there are currently 60 positions funded and 54 positions filled. In FY 1982 New Jersey provided $2,294,755 or 71% of the water supply program cost while federal funds totaled $596,250 or 19% of the total program budget. The 1978 Flood Control Bond provided $338,000 or 10% of the total program cost. There is a 90-day mandatory time limt for issuing water supply permits in New Jersey. The agency's authority to charge drinking water permit fees is not clear, but the state is investigating ways to develop a permit fee program. However, the agency does charge a one-time processing fee for stream encroachment permits. These fees are established by departmental regulation based on the size and impact of the project. Annual revenues, which go to a special fund utilized for environmental purposes, are approximately $300,000.

NEW MEXICO

In New Mexico the air, water quality, hazardous waste, and water supply programs are vested in the Environmental Improvement Division of the State Department of Health and the Environment. Both management and permitting are vested in the Division, though variances and schedules of compliance must be approved by the Environmental Improvement Board, or in the case of water quality, by a Water Quality Control Commission. Current Official:

Thomas E. Baca
Director, Environmental Improvement Division

Air Quality Program New Mexico's air quality program has 40 positions authorized and 40 positions funded. In FY 1982 the state provided $607,000 or 39% of the air program budget, while federal funds totaled $950,000 or 61% of the total program costs. There is a 120-day mandatory time limit for issuing PSD permits (the state has technical review and dual signature delegation), and a 45 day policy requirement for issuing non-PSD permits. The agency has authority to charge a permit fee but does not do so at the present time. However, the agency is currently examining its costs associated with permit review and enforcement, with an eye towards possible fee collections.

Water Quality Program New Mexico's water quality program has 49 positions authorized and 49 positions funded. In FY 1982 state funds totaled $860,000 or 74.4% of the program budget, while the federal government provided $290,000 or 25.3% of the program funds. There are no mandatory time limits for issuing water quality permits in New Mexico, since the agency does not have a permit program. NPDES has not been delegated.

Hazardous Waste Program New Mexico's hazardous waste program has 7 positions authorized and 7 positions funded. In FY 1982 the state provided $44,725 or 25% of the hazardous waste program budget, while federal support totaled $134,175 or 75% of the program costs. There are no mandatory time limits for issuing hazardous waste permits in New Mexico. The agency has the authority to charge permit fees but does not currently do so. However, the agency has recommended that the Environmental Improvement Board approve a one time hazardous waste facility application fee. Revenues would go to the state general fund.

Water Supply Program New Mexico's water supply program has 18 positions authorized and 18 positions funded. In FY 1982 the state provided $240,500 or 49% of program support while federal funds totaled $248,000 or 51% of the program budget. There are no mandatory time limits for issuing water supply permits in New Mexico, although there is a 10 day response time as a matter of policy. The agency does not have legal authority to charge permit fees, and indicates no plans to initiate a permit fee system.

NEW YORK

In New York, the Commissioner of the Department of Environmental Conservation oversees both management and permitting in air, water quality, and solid waste programs. The responsibility for the water supply program is divided between the Department of Environmental Conservation and the Department of Health. In general, the Department of Environmental Conservation is responsible for water resources up to the wellhead, and the state Department of Health is responsible for overseeing treatment and distribution of public water supplies.

Air Quality Program New York's air program currently has 300 positions authorized and 224 positions filled. In FY 1982 the state provided $2,525,000 or 30% of the total program cost while the federal government provided $5,690,000 or 66.5% of the program budget. A permit processing fee which covers administrative costs totals $300,000 or 3.5% of total program funds. There are mandatory time limits for permit issuance: 45 calendar days for a minor source, 90 days for a major source with no public hearing; 60 days after receipt by the department of the complete hearing record for a major source requiring a hearing. A permit fee program has been initiated to recover only administrative costs of processing applications. The fees are set by the Department of Environmental Conservation.

Water Quality Program New York's water quality program has 341 positions authorized and 341 positions funded. In FY 1982 the state provided $4,518,000 or 55% of the total program cost while the federal government provided $3,745,000 or 45% of the program budget. There is a 90-day mandatory time limit for issuing water quality permits after receipt of a completed application. The agency currently charges a one-time permit processing fee. The state legislature sets maximum fees and the Department of Environmental Conservation sets specific fees by regulation. The fees are based on the size of the discharge source. The Department of Environmental Conservation collects the fees and the revenue remains with the permitting agency as a special revenue fund. Annually the fees generate about $110,000 per year, or less than 1% of the water programs operating budget. The fees are not part of the state appropriation.

Hazardous Waste Program New York's solid waste program has 150 positions authorized and 149 positions funded. In FY 1982 the state provided $2,209,000 or 37% of the total program cost while the federal government provided $3,430,000 or 58% of the program budget. The remaining 5% or $297,000 is provided by hazardous site monitoring assessment fees paid by the regulated entities. The program does not currently have the authority to charge other permit fees. However, consideration is being given to draft legislation which would give the permitting agency authority to charge fees to cover the cost of the solid waste regulatory program. New York's hazardous waste program has a 90-day mandatory time limit for permit issuance.

NORTH CAROLINA

In North Carolina the Division of Environmental Management of the Department of Natural Resources and Community Development has both management and permitting responsibilities for the air and water quality programs. The Division of Health Services of the Department of Human Resources administers the water supply and solid waste programs. The hazardous waste program is coordinated through the Governor's Waste Management Board, an interagency group. The Department of Natural Resources and Community Development provides centralized information and assistance for all state and federal permits. Current Official:

Robert Helms
Director of Division of Environmental Management
Department of Natural Resources and Community Development

Air Quality North Carolina's air quality program has 85 positions authorized and 85 positions funded. In FY 1982 the state provided $1,076,641 or 49% of the air program budget, while the federal government provided 1,260,000 or 51% of program funds. There is a 90-day mandatory time limit for issuing air quality permits in North Carolina. The agency does not currently charge permit fees but has the authority to charge fees not exceeding $100. There are no present plans to initiate fee collections.

Water Quality Program North Carolina's water quality program has 118 positions authorized and 118 positions funded. In FY 1982 North Carolina provided $1,421,625 or 55.8% of the program funds while federal support totaled $1,870,000 or 44.2% of the program budget. There is a 180-day time limit for issuing NPDES permits and a 90-day time limit for issuing non-discharge permits. The agency does not have the authority to charge permit or user fees.

Hazardous Waste Program North Carolina's hazardous waste program has 30 positions authorized and 30 positions funded. In FY 1982 the state provided $286,190 or 26% of program support, while federal funds totaled $818,571 or 74% of the program budget. There are no time limits for issuing hazardous waste permits in North Carolina and the agency does not have the authority to charge permit fees, though it may consider seeking authority for permit and generator fees if federal financial support is reduced.

Water Supply Program The state water supply program has 47 positions authorized and 47 positions funded. In FY 1982 North Carolina provided $348,542 or 46.5% of the program budget, while federal support totaled $459,460 or 53.5% of total program funds. There is a 30-day time limit for review and approval or disapproval of water supply permits. The agency does not have the authority to charge permit fees, and there are no efforts underway to develop such authority.

NORTH DAKOTA

In North Dakota the state Department of Health is the single agency responsibile for overseeing air and water quality, solid and hazardous waste, and drinking water programs. Both management and permitting responsibilities are concentrated in this agency. Current Officials:

Dr. M.A. K. Lomen
State Health Officer

Gene A. Christianson
Chief of Environmental Health

Air Quality Program North Dakota's air program has 22 positions authorized and 22 positions funded. In FY 1982 the state provided $339,750 or 38% of air program funds, while federal support totaled $448,250 or 51% of the program budget. Permit fees provided $95,000 or 11% of the total program cost. There is a 3-month time limit for issuing non-PSD permits and a one-year time limit for PSD permits. (The state has delegation of the PSD program.) The air agency has the authority to charge permit fees and charges for processing construction permits and operating permits. The air pollution program sets the fee schedule based upon the actual costs incurred in processing construction permits and upon the source's annual total emissions. Fee revenues are deposited in the air pollution program operating fund and annually amount to approximately $95,000 or 11% of the program budget. These revenues are considered part of the state appropriation.

Water Quality Program North Dakota's water quality program has 11 positions authorized and 11 positions funded. In FY 1982 the state provided $102,760 or 32% of the program budget, while the federal government provided $220,000 or 68% of the support for the water quality program. There is a 180-day time limit in North Dakota for issuing discharge permits. The agency has no clear authority to charge permit fees and is not seeking such authority.

Hazardous Waste Program North Dakota's hazardous waste program has 6.5 positions authorized and 6.5 positions funded. In FY 1982 the state provided $68,309 or 25% of the hazardous waste program budget, while federal funds totaled $208,500 or 75% of the program. The agency is required to make a decision on permits within 30 days after an application is deemed complete. Counting the time necessary for public comment, etc. a minimum of 90-120 days is required for issuing hazardous waste permits. The agency does not currently have authority to charge permit fees, but is investigating the feasibility of a permit fee system.

Water Supply Program North Dakota's water supply program has 7 positions authorized and 7 positions funded. In FY 1982 the state provided $98,700 or 25% of the total program while federal funds amounted to $294,500 or 75%. The agency does not issue water supply permits.

COMMONWEALTH OF NORTHERN MARIANA ISLANDS

The Division of Environmental Quality, located within the Department of Public Health and Environmental Services, oversees the water quality, solid/hazardous waste, and drinking water programs in the Commonwealth of the Northern Mariana Islands. Both permitting and management responsibilities for these programs are vested in the Division. The air quality program has been waived for the CNMI. Current Officials:

Dr. Jose Villagomez Director of Public Health and Environmental Services	Mr. George Chan Environment and Energy Administrator

It should be noted that there are 10 positions authorized and 10 positions funded under a consolidated grant and that those positions are available to perform work for any or all activities of the Division of Environmental Quality.

Water Quality Program In FY 1982, the federal government provided $92,420 or 90% of the water quality program funds. The water quality agency has the authority to charge permit fees and presently assesses a standard one-time permit processing fee on earthmoving projects. The fees are established by regulation to cover the cost of inspection and processing. The Commonwealth Treasury collects the fees and returns the revenue, about $800 annually, to the federal government account. The fees are not considered part of the state appropriation.

Hazardous Waste Program In FY 1982 the federal government did not provide any support for the Islands' hazardous waste program. There are no mandatory time limits for issuing hazardous waste permits in the CNMI. The solid/hazardous waste agency does not have legal authority to charge fees. The agency hopes to charge fees, however, once the authority to do so is granted.

Water Supply Program In FY 1982 the federal government provided $42,177 or 32% of the Island's drinking water program. The water supply program does not have legal authority to charge permit fees.

OHIO

The Director of the Ohio Environmental Protection Agency is responsible for overseeing the state's air, water quality, hazardous waste, and water supply programs. Both management and permitting functions are located in the agency. Current Official:

Wayne S. Nichols
Director, Ohio Environmental Protection Agency

Air Quality Program Ohio's air program has 98 positions authorized and 92 positions funded. In FY 1982 the state provided $3,070,000 or 73.6% of the air program budget, while federal funds totaled $1,102,000 or 26.4% of program support. There is a 6-month time limit for issuing air quality permits to new sources or for issuing variances to existing ones. The agency charges operating fees, installation fees for new sources, variance fees for "bubble" transactions, time extensions, etc., and application fees. The Ohio legislature establishes the fee schedule based on the size and type of the source. The Ohio EPA collects the fees and deposits them into the state general revenue fund. The annual income is about $1,500,000 or approximately 30% of the total operating budget for the air program. The fees are not considered part of the state appropriation.

Water Quality Program Ohio's water quality program has 181 positions authorized and 181 positions funded. In FY 1982 the state provided $4,087,993 or 75% of total program funds, while the federal government provided $1,362,664 or 25% of the program budget. Ohio's Division of Water Pollution Control charges a one-time processing fee for five year permits, and renewal fees. The fees are based on the type and amount of discharges and the size of the source. The Division collects the fees, which are deposited in the state general fund. The fee revenues are not considered part of the state appropriation.

OKLAHOMA

In Oklahoma both permitting and management responsibilities for the air quality, water supply and hazardous waste programs are concentrated in the state Department of Health. Water Quality permitting and management responsibilities are divided among five different agencies:

State Board of Health-municipal discharges & sewage treatment plants

State Water Resources Board-industrial discharges not to santiary sewers

State Dept. of Agriculture-animal feedlot & other agricultural wastes

State Corporation Commission-oil production activities & resultant waste

State Dept. of Mines or Water Resources Board-mining activities

A Pollution Control Coordinating Board, served by a professional staff (the Department of Pollution Control) is charged with the responsibility of coordinating all environmental pollution control programs in Oklahoma, conducting necessary studies, hearing complaints, and assuming jurisdiction if any agency charged with a program fails to meet its responsibilities. The Coordinating Board is composed of the heads of the five agencies with responsibilities for water quality, in addition to the state Conservation Commission, the Industrial Development Department, and two gubernatorial appointees. Current Officials:

Larry Edmison Director of the Department of Pollution Control	Dr. Joan Leavitt Director, State Department of Health

Air Program Oklahoma's air quality program has 35 positions authorized and 29 positions funded. In FY 1982 the state provided $318,999 or 22% of the air program budget, while federal funds totaled $1,100,000 or 63% of the total program. Local health departments contributed another $254,000 or 15% of the air program funds. There are no mandatory time limits for issuing air quality permits in Oklahoma. The agency charges a one-time $35 permit processing fee and an additional fee for issuing a permit to a major source. The permitting agency collects and retains the fees which provide approximately $15,000 annually to partially reimburse processing costs. The fees are not considered part of the state appropraitons.

Water Quality Program Oklahoma's water quality program has a total of 111 positions authorized and 106 positions funded in the agencies responsible for water quality permitting. In FY 1982 the state provided $1,408,243 or 30% of the program budget, while the federal government provided $3,455,214 or 70% of the total program cost. There are no mandatory time limits for issuing water quality permits in Oklahoma. Of the five agencies responsible for water quality activities, only the Water Resources Board (industrial discharges) charges a permitting fee. A nominal fee (maximum $100) is collected by the Water Resources Board and deposited in the state water quality fund. The fees are considered to be a part of the state appropration.

Hazardous Waste Program Oklahoma's hazardous waste program has 16 positions authorized and 16 positions funded. In FY 1982 the state provided $187,179 or 34.5% of program costs, while federal funds totaled $355,639 or 65.5%. There are no mandatory time limits for issuing hazardous waste permits, nor is there authority to charge permit fees. The agency indicates no plans to seek such authority in the future.

Water Supply Program Oklahoma's water supply program has 35 positions authorized and 26 positions funded. In FY 1982 the state provided $590,937 or 52.8% of the program budget, while federal funds totaled $527,930 or 47.2% of program support. There are no mandatory time limits for issuing water supply permits, and the agency does not have the authority to charge permit fees.

OREGON

In Oregon the Department of Environmental Quality is responsible for overseeing permitting and management in the air, water quality, and hazardous waste programs. A five-member Environmental Quality Commission, appointed by the Governor and approved by the state Senate, hires the director of the Department and establishes overall policy. The water supply program is the responsibility of the Health Division of the Oregon Department of Human Resources. Current Official:

William H. Young
Director, Department of Environmental Quality

Air Quality Program Oregon's air quality program has 119.5 positions authorized and 116 positions funded. In FY 1982 the state provided $1,244,000 or 27% of total program funds, while the federal government provided $1,160,000 or 26% of the program budget. Permit fees, I/M fees, and field burning fees provided $2,155,000 or 47% of total program resources. There is a mandatory time limit of 60 days after submission of a completed application for issuing air quality permits. The agency charges an application filing fee, a review and permit issuance fee, and an annual compliance determination fee. The Environmental Quality Commission sets the fees, based on source class and size. The Department of Environmental Quality collects the fees, which are retained by the permitting agency within limits set by the Legislature. Fee revenues cover approximately fifty percent of the costs of permit issuance, plan review and compliance monitoring for stationary sources and 100% of the costs of I/M and field burning smoke management. Total revenues are approximately $2,600,000 per year.

Water Quality Program Oregon's water quality program has 88.9 positions authorized and 61.75 positions funded through June 1982. In FY 1982 the state provided $1,334,806 or 33.5% of the total program while the federal government provided $1,684,497 or 42.3% of the program budget. Permit fees provided $960,542 or 24.2% of total program support. There is a 60-day mandatory time limit for issuing water quality permits. If the agency has not acted within that time, the permit is automatically issued. The agency charges an application filing fee, an application processing fee, and an annual compliance fee. The Environmental Quality Commission sets the fees based on the complexity of the source and the staff time required for permit processing and compliance inspections. The Department of Environmental Quality collects the fees. Revenues are retained by the agency and considered part of the state appropriation. The fee system collects about $180,000 per year.

Hazardous Waste Program Oregon's hazardous waste program has 15.35 positions authorized and 15.35 positions funded. In FY 1982 the state provided $51,083 or 8.5% of the program cost, while federal funds accounted for approximately $550,000 or 78.8% of the total program budget. CHEM Security Systems provided $76,128 or 12.7% of the total program cost. There are no mandatory time limits for issuing water quality permits, though the agency attempts to act within 60 days of submission of a completed application. The agency charges disposal sites an application fee and compliance monitoring fee. Storage and treatment facilities are also charged a compliance monitoring fee. The Department of Environmental Quality sets the fees based on staffing needs for inspection and oversight. Fees schedules are confirmed by the legislature during the budgeting process. The Department of Environmental Quality collects the fees, which are retained by the permitting agency. The fees are considered part of the state appropriation.

Water Supply Program Oregon's water supply program has 12 positions authorized and 12 positions funded. For the FY 1981 - 83 biennium, the state provided $840,000 or 93% of the program budget, while the federal government did not provide any funds. Plan review fees accounted for 7% of total program funds. There are no time limits for issuing water supply permits. The agency has authority to charge plan review fees only.

PENNSYLVANIA

In Pennsylvania both management and permitting responsibilities for the air quality, water quality, hazardous waste, and water supply programs are vested in the Department of Environmental Resources. Current Official:

Peter S. Duncan
Secretary, Department of Environmental Resources

Air Quality Program Pennsylvania's air quality program has 168 positions authorized and 168 positions funded. In FY 1982 non-federal sources accounted for $3,600,000 or 53% of the air program budget, while federal support provided $3,132,000 or 47% of the total program. Fines and penalties for air quality violations paid to a clean air fund made up about 10% of total program costs. There is no mandatory time limit for permit issuance, though agency guidelines require final action within 60 days of the submission of a completed application. The agency has the authority to charge permit fees, though it does not currently do so. The agency will seek approval of a fee program in FY 1983.

PUERTO RICO

There are three Commonwealth agencies which have jurisdiction over Puerto Rico's environmental activities. The Board of Environmental Quality has jurisdiction over air, water, noise, and solid waste control. The Board is comprised of three associate members who are appointed by the Govenror of Puerto Rico with the advice and consent of the Senate. A member of the Board is designated to act as Chairman by the Governor. The Puerto Rico Aqueduct & Sewer Authority (PRASA) has the power to implement the pretreatment requirements under Section 307 of the Clean Water Act. The Executive Director of PRASA is in charge of the administration and technical activities. The Puerto Rico Department of Health has the primary enforcement responsibilities pursuant to the Safe Drinking Water Act. The Secretary of Health oversees the activities of the department. Current Officials:

Pedro A. Gelabert
Chairman of the Board of Environmental Quality

Wilson Loubriel
Executive Director of PRASA

Dr. Jaime Rivera-Dueno
Secretary of Health

Air Program Puerto Rico's air program has 72 positions authorized and 70 positions funded. In FY 1982 the Commonwealth provided $518,000 or 44% of the program budget while the federal government provided $660,000 or 56% of program funds. There is a 90 day mandatory time limit for issuing construction and operating permits. The air agency charges a one-time permit processing fee set by program regulations and based on the size of the source. The permitting agency collects the fees and the fees are sent to an account earmarked for the agency. The fees are not considerd part of the state appropriations.

Water Quality Program Puerto Rico's water quality program has 175 positions authorized and 161 positions funded. In FY 1982 the Commonwealtn provided $548,994 or 23% of the total program funding while the federal government provided $1,885,919 or 77% of the program budget. The agency has the authority to charge permit fees, but will not do so until the Commonwealth has obtained NPDES delegation from EPA. The agency estimates that NPDES will have been obtained by December 1983.

Hazardous Waste Program Puerto Rico's hazardous waste program has 44 positions authorized and 44 positions funded. In FY 1982 Puerto Rico provided $233,827 or 28% of hazardous waste program funding while the federal government provided $610,037 or 72% of the total program budget. The agency charges a one-time permit processing fee and an annual renewal fee. The Environmental Quality Board sets the fees based on the size of the site or impoundment, waste disposal process, or the capacity of transportation equipment. The fees are collected by the finance division of the Environmental Quality Board and they go to the Board's general fund. The fees are not considered part of the state appropriation.

Water Supply Program In FY 1982 Puerto Rico provided $100,557 or 25% of the drinking water program while the federal government provided $294,500 or 75% of the total program budget. There are no mandatory time limits for permit issuance in Puerto Rico's water supply program. Though the Health Department has authority to charge permit or user fees, it does not currently do so, and indicates no plans to initiate a fee system.

RHODE ISLAND

The air, water quality, and waste programs in Rhode Island are under the Department of Environmental Management. The water supply program is in the state Department of Health. Both permitting and management responsibilities for each media are contained within the individual programs. Current Officials:

W. Edward Wood Director, Department of Environmental Management	Dr. Joseph Cannon Director, State Department of Health

Air Quality Program Rhode Island's air program has 27 positions authorized and 27 positions funded. In FY 1982 Rhode Island provided $240,000 or 27% of the air program, while federal funds totaled $660,000 or 73% of the total program cost. There are no mandatory time limits for issuing air quality permits in Rhode Island. The air agency has the authority to charge permit fees, but presently does not do so and has no plans to initiate a fee system in the near future.

Water Quality Program Rhode Island's water quality program has 38 positions authorized and 38 positions funded. In FY 1982 the state provided $289,625 or 25% of the total program, while the federal government provided $866,000 or 75% of the program budget. There are no mandatory time limits for permit issuance in Rhode Island. Though there is currently no authority to charge permit fees, the General Assembly is now considering legislation to authorize sewage and wetlands permit fees.

Hazardous Waste Program Rhode Island's hazardous waste program has 16 positions authorized and 16 positions funded. In FY 1982 the federal government provided $271,884 or 100% of the hazardous waste program budget. There are no mandatory time limits for issuing hazardous waste permits in Rhode Island. The agency charges a permit fee on applications and on 5 year renewals. The legislature sets the fees but the Department adjusts them to cover a base fee plus the cost of processing. The state treasurer collects fee revenues and deposits them into the state general fund. The fee system presently is not generating any income because there have not been any permits issued since the fee system was initiated. The fees are not considered part of the state appropriation.

Water Supply Program Rhode Island's water supply program has 16 positions authorized and 13 positions funded. In FY 1982 the state provided $121,700 or 25% of total program funds, while federal support totaled $365,000 or 75% of the program budget. There are no permitting provisions in Rhode Island's Public Water System Supervision Program.

SOUTH CAROLINA

In South Carolina the Deputy Commissioner for Environmental Quality Control of the Department of Health and Environmental Control is responsible for overseeing the air, water quality, and hazardous waste programs, and most of the water supply program. The Water Resources Commission regulates the use of groundwater in areas where aggregate demand exceeds available supply. Both permitting and management responsibilities are concentrated within the respective agencies. Current Official:

John C. Jenkins
Deputy Commissioner for Environmental Quality Control

Air Quality Program South Carolina's air quality program has 103 positions authorized and 103 positions funded. In FY 1982 the state provided $1,065,868 or 51% of the air program funds, while the federal government provided $1,019,657 or 49% of the program budget. There are no mandatory time limits for issuing air quality permits in South Carolina. The agency has authority to charge air permit fees but does not currently do so and has no plans to initiate a fee system.

Water Quality Program South Carolina's water quality program has 190 positions authorized and 190 positions funded. In FY 1982 the state provided $2,331,191 or 69.5% of program funds, while the federal government provided $1,020,000 or 30.5% of the program budget. There are no mandatory time limits for issuing new water quality permits but there are limits on re-issuances. The agency does not have authority to charge permit fees.

Hazardous Waste Program South Carolina's hazardous waste program has 46 positions authorized and 46 positions funded. In FY 1983 the state provided $416,547 or 40.5% of hazardous waste program funds, while the federal government provided $611,739 or 59.5% of the program budget. There are no mandatory time limits for issuing hazardous waste permits and no authority to charge permit fees.

Water Supply Program South Carolina's water supply program has 55.6 positions authorized and 55.6 positions funded. In FY 1982 the state provided $808,943 or 63.7% of program funds, while the federal government provided $440,900 or 36.3% of program funds to support the program responsibilities overseen by the Department of Health and Environmental Control. The drilling of wells in "capacity use" areas, overseen by the Division of Natural Resources, is supported entirely by state funds. There are no mandatory time limits for permit issuance and, as with the other environmental programs, no authority to charge permit fees.

SOUTH DAKOTA

In South Dakota the Director of the Division of Water & Natural Reosurces Management of the Department of Water and Natural Resources is responsible for overseeing the air, water quality, hazardous waste, and water supply programs. Both permitting and management responsibilities are concentrated in the Division of Water and Natural Resources Management. Current Official:

James D. Nelson
Director, Division of Water and Natural
Resources Management

Air Quality Program South Dakota's air program has 7.8 positions authorized and 7.8 positions funded. In FY 1982 the state provided $71,500 or 26% of air program funds, while federal support totaled $202,900 or 74% of the total program budget. There is a 45 day mandatory time limit for issuing air quality permits in South Dakota. The agency currently has no authority to charge permit fees. A proposal to initiate a permit fee program was defeated in in the state legislature in 1981.

Water Quality Program South Dakota's water quality program has 37 positions authorized and 37 positions funded. In FY 1982 the state provided $292,595 or 31% of total program costs, while the federal government provided $637,464 or 69% of the program budget. As the water quality agency does not yet have delegation of the NPDES program, it does not issue permits.

Hazardous Waste Program South Dakota has 6 positions authorized and 6 positions funded in its hazardous waste program. In FY 1982 the state provided $42,332 or 17% of the program budget, while federal support totaled $208,500 or 83% of program funds. There is a 45-day mandatory time limit for issuing hazardous waste permits in South Dakota. As with the other agencies, the hazardous waste agency currently has no authority to charge permit fees.

Water Supply Program South Dakota's water supply program has 7 positions authorized and 7 positions funded. In FY 1982 the state provided $198,926 or 100% of the total program cost. The program does not require and the agency does not issue permits.

TENNESSEE

In Tennessee the Assistant Commissioner for the Environmental Management and Quality Assurance Administration of the state's Department of Public Health is responsible for overseeing the air, water quality, hazardous waste, and water supply programs. Both permitting and management responsibilities are vested in the Administration with a separate division responsible for each media. When two or more divisions are involved in the same permit, a lead division is named to ensure coordination. Current Official:

Michael T. Bruner
Assistant Commissioner, Environmental Management
and Quality Assurance Administration

Air Quality Program Tennessee's air program has 85 positions authorized and 85 positions funded. In FY 1982 the state provided $1,200,000 or 60% of the air program budget, while federal funds provided $1,000,000 or 40% of the program. The air agency is under no mandatory time limits for permit issuance and does not currently exercise its authority to charge permit fees. The agency indicates no plans to initiate fee collections in the future.

Water Quality Program Tennessee's water quality program has 140 positions authorized and 140 positions funded. In FY 1982 the state provided $1,682,590 or 65% of the program budget while federal support totaled $930,000 or 35% of program funds. There are no time limits for permit issuance, though policy is to complete action within 180 days. The agency has neither current authority to charge permit fees nor plans to seek such authority in the near future.

Hazardous Waste Program The state's hazardous waste program has 68 positions authorized and 68 positions funded. In FY 1982 the state provided $768,000 or 42% of the hazardous program budget while federal support totaled $1,071,000 or 58% of total program funds. There is a 45-day time limit for taking "action" on hazardous waste permits in Tennessee, but this time limit has been interpreted as applying to steps in the process and not to final permit issuance. In April 1982 the agency began charging: 1) an application fee for permits to transport, treat, store or dispose of hazardous waste; 2) an annual permit maintenance fee for permitted transporters and; 3) an annual maintenance fee for generators who ship hazardous waste off-site. The fees are set by the state Solid Waste Disposal Control Board and are based on whether a facility is on-site or off-site; a storage/treatment or a disposal operation; and its design capacity. The Board is required to annually reasses the fee schedule in view of program needs and fee revenues in the preceeding year. The Division of Solid Waste Management collects the fees, and revenues are deposited into the state general fund. In its first year the fee system is expected to generate about $750,000 or 27% of the operating budget. Current plans call for that to increase to $1.1 million or 40% in the second year . The fees are considered part of the state appropriation.

Water Supply Program Tennessee's water supply program has 33 positions authorized and 33 positions funded. In FY 1982 the state provided $300,100 or 42% of the program budget, while federal funds totaled $421,900 or 58% of the program. Tennessee's water supply program does not issue permits.

TEXAS

In Texas there is no single agency or official responsible for administering all environmental programs. Rather, environmental programs are administered under the respective jurisdictions of several state agencies. The Governor appoints the membership of boards or commissions which give policy guidance to administrative staffs. The Texas Air Control Board administers and issues permits under the clean air program, while the Department of Water Resources regulates waste water discharges and issues water rights permits. The state Department of Health regulates public drinking water supplies and municipal solid waste. Industrial waste programs are vested in the Department of Water Resources.

Air Quality Program Texas' air program has 369 positions authorized and 369 positions funded. In FY 1982 the state provided $8,608,293 or 70% of the total program budget, while federal support accounted for $3,618,000 or 30% of program funds. There are no time limits for issuing air quality permits in Texas. The agency does not currently charge permit fees but has the authority to do so, and is developing regulations to implement a permit fee system before the end of 1982.

Water Quality Program Texas' water quality program has 155 positions authorized and 155 positions funded. In FY 1982 the state provided $3,586,000 or 65.5% of the water quality program budget, while federal funds totaled $1,890,000 or 34.5% of the total program. There are no mandatory time limits for permit issuance. The agency charges a minimal one-time permit processing fee. The Water Quality Board sets the fees based on the postage charges incurred in permit processing. The Department of Water Resources collects the fees and deposits the $400-$500 annual revenues into the state general fund. The fees are not considered part of the state appropriation.

Hazardous Waste Program Texas' waste programs have 125 positions authorized and 125 positions funded. In FY 1982 the state provided $416,014 or 25% of the program budget, while federal funds totaled $1,248,123 or 75% of the total program cost. There are no mandatory time limits for issuing hazardous waste permits in Texas. The Department of Health (municipal waste) does not charge permit fees, though the Department of Water Resources charges a one time processing fee. All applicants are charged equally, enough to raise $400 - $500 annually, which is deposited in the state general fund.

Water Supply Program Texas' water supply program has 74.6 positions authorized and 74.6 positions funded. In FY 1982 the state provided $981,926 or 55% of the program budget, while federal support totaled $806,259 or 45% of the total program cost. Texas does not issue permits for water supply.

UTAH

In Utah the Director of the Division of Environmental Health of the state Department of Health is responsible for overseeing air, water quality, hazardous waste, and water supply programs. The legislature has vested authority for both permitting and management of these programs in the Division. Current Official:

Alvin E. Rickers
Director, Division of Environmental Health

Air Quality Program Utah's air program has 33 positions authorized and 33 positions funded. In FY 1982 the state provided $330,000 or 25% of the air program budget while federal funds accounted for $941,000 or 75% of total program funds. There is a 90-day mandatory time limit for issuing air quality permits with the possibility of three 30-day extensions. Currently the agency charges a one-time permit processing and compliance inspection fee for major sources. The Bureau of Air Quality sets the fees based on the amount of work performed. The Executive Secretary to the Air Conservation Committee collects fee revenues and deposits them into the state general fund. The approximate annual income from the fees is $3,000 or .02% of the air program budget. The fees are not considered part of the state appropriation.

Water Quality Program Utah's water quality program has 38 positions authorized and 36 positions funded. In FY 1982 the state provided $539,000 or 44% of the program budget, while federal funds totaled $700,000 or 56% of the total program cost. There are no mandatory time limits for issuing water quality permits in Utah , and the agency does not have the authority to charge permit fees. However, a fee system is under consideration.

Hazardous Waste Program Utah's hazardous waste program has 16 positions authorized and 16 positions funded. In FY 1982 the state provided $118,759 or 29% of the program budget, while federal funds totaled $296,000 or 71% of total program costs. There are no mandatory time limits for issuing hazardous waste permits in Utah, and the agency does not have authority to charge permitting fees. The agency has been attempting to obtain the authority to initiate a fee system, but has no indication that, even if such authority is obtained, fee revenues would be available to the agency.

Water Supply Program Utah's water supply program has 15 positions authorized and 15 positions funded. In FY 1982 the state provided $257,000 or 47% of the drinking water program budget, while federal support accounted for $294,500 or 53% of total program funds. There is a 30-day time limit for evaluation of water system plans and specifications. The agency has authority to charge permit fees and anticipates doing so within the next year.

VERMONT

In Vermont the Agency of Environmental Conservation is responsible for the air, water quality, and solid waste programs and with implementation aspects of the water supply program. Management and permitting responsibilities for these programs are located in the agency's Division of Water Resources and Environmental Engineering. The regulatory aspects of the water supply program are overseen by the Department of Health. Current Officials:

Brendan J. Whittaker
Secretary, Agency for Environmental Conservation

John R. Ponsetto
Commissioner, Dept. of Water Resources and Environmental Engineering

Dr. Lloyd Novick
Commissioner, Department of Health

Air Quality Program Vermont's air program has 18 positions authorized and 18 positions funded. In FY 1982 the state provided $154,000 or 24% of the air program budget, while federal support totaled $464,000 or 75% of the air program funds. There is a 30-day time limit for issuing permits to minor sources and a 70-day time limit for completing action on major source permits. The agency does not currently have authority to charge permit fees, but is considering requesting authority.

Water Quality Program Vermont's water quality program has 84 positions authorized and 80 positions funded. In FY 1982 the state provided $262,000 or 22% of the program budget, while federal support equaled $902,000 or 78% of program funds. There are no time limits for issuing water quality permits. The water quality agency has the authority to charge only permit processing fees. The Water Resources Board sets the fees to cover a portion of the processing cost. The Department of Water Resources and Environmental Engineering collects the fees and deposits revenues into the Department's operating account. The annual income is less than 1% of the operating budget but is not considered part of the state appropriation.

Hazardous Waste Program Vermont's hazardous waste program has 6 positions authorized and 9 positions funded. In FY 1982 the federal government provided $208,000 or 100% of the total program budget. The hazardous waste agency is under no mandatory time limit for issuing permits, and does not charge permit fees.

Water Supply Program Vermont's water supply program has 19 positions authorized and 18 positions funded. In FY 1982 the state provided $179,443 or 38% of the total program budget, while federal support provided $294,500 or 62% of the total program cost. The agency does not have mandatory time limits for issuing drinking water permits, and does not have authority to charge permit fees. The agency is currently investigating a fee system for water quality analyses.

VIRGINIA

In Virginia there is no single agency or department which oversees all environmental programs. Rather, permitting and management responsibilities for the major environmental programs are vested in various boards or departments. The air quality program is vested in the state's Air Pollution Control Board, the water quality program is overseen by the Water Control Board, and the solid waste and water supply programs are managed by the State Department of Health. However, there is a state Council on the Environment, composed of the heads of the environmental regulatory agencies and four gubernatorial appointees, charged with providing advice and information on all environmental issues to the Governor and the General Assembly. Current Officials:

W.R. Meyer Executive Director, State Air Pollution Control Board	R.V. Davis Executive Director, State Water Control Board
Dr. James B. Kenley Commissioner of Health	

Air Quality Program Virginia's air program has 126 positions authorized and 126 positions funded. In FY 1982 the state provided $2,253,700 or 56.27% of the program budget, while federal support totaled $1,751,250 or 43.73% of program funds. There is a 90-day mandatory time limit for issuing air quality permits in Virginia, with extensions possible if additional information is required. The air board has authority to charge up to a $1000 fee for permits to major sources but does not do so and indicates no plans to initiate fee collections in the future.

Water Quality Program Virginia's water quality program has 353 positions authorized and 332 positions funded. In FY 1982 the state provided $8,025,628 or 86% of water quality program funds, while federal funds accounted for $2,200,000 or 14% of the total program budget. There are mandatory time limits in Virginia for issuing water quality permits, established by state statutes and the Memorandum of Understanding negotiated annually with EPA. The agency does not have authority to charge permit fees.

Hazardous Waste Program Virginia's hazardous waste program has 16 positions authorized and 16 positions funded. In FY 1982 the state provided $196,652 or 26.6% of the program budget, while federal support amounted to $531,675 or 73.4% of program funds. Virginia does not issue permits for hazardous waste facilities even though phase II interim authorization has been received, so no mandatory time limits apply. In addition, there can be no charges for permit fees.

Water Supply Program Virginia's water supply program has 56 positions authorized and 56 positions funded. In FY 1982 the state provided $826,892 or 54.3% of the water supply program budget, while federal funds totaled $696,400 or 45.7% of the total program cost. There are no mandatory time limits for issuing water supply permits. The agency does not have authority to charge permit fees and has no plans to seek such authority in the future.

WASHINGTON

In Washington the Director of the state Department of Ecology is responsible for overseeing the air, water quality, and solid waste programs. The water supply program is vested in the Department of Social and Health Services. Both permitting and management responsibilities are exercised in the respective program agencies. Current Officials:

Donald W. Moos Director, Washington Department of Ecology	Alan J. Gibbs Secretary, Washington Department of Social and Health Services

Air Quality Program Washington's air program has 61.5 positions authorized and 61.5 positions funded. In FY 1982 the state provided $1,851,315 or 32% of the air program budget, while federal support totaled $2,970,951 or 51% of program funds. Local support of local operations provided $966,665 or 17% of the total program cost. There are no mandatory time limits for issuing air quality permits. Currently the agency does not have authority to charge permit fees, but a fee system will be proposed in FY 1983.

Water Quality Program Washington's water quality program has 127.5 positions authorized and 112.5 positions funded. In FY 1982 the state provided $1,700,000 or 34% of the air program funds, while federal support totaled $3,300,000 or 66% of the program budget. There are no mandatory time limits for permit issuance in the water quality program. The agency does not charge permit fees and has no plans to in the future, though it has the authority to do so.

Hazardous Waste Program Washington's hazardous waste program has 19.5 positions authorized and 19.5 positions funded. In FY 1982 the state provided $225,000 or 27% of the hazardous waste program funds, while federal support accounted for $609,654 or 73% of the total program cost. There are no mandatory time limits for issuing hazardous waste permits. The agency does not have authority to charge permit fees but it may consider seeking such authority in the 1983 legislative session.

Water Supply Program Washington's water supply program has 39.5 positions authorized and 39.5 positions funded. In FY 1982 the state provided $780,000 or 45% of water supply program funds, while federal support totaled $950,000 or 55% of the program budget. There are no mandatory time limits for permit issuance, and the agency has no authority to charge permit fees, though it is currently seeking legislative authority to do so.

WEST VIRGINIA

In West Virginia there is no single agency with responsibility for environmental management. The state's Air Pollution Control Commission has permitting and management responsibility in the air program. The water quality and hazardous waste programs are vested in the Department of Natural Resources, while the State Health Department has responsibility for the water supply program. Current Officials:

Carl Beard
Director, Air Pollution Control
Commission

David Callaghan
Director, Department of Natural
Resources

L. Clark Hamburger
Director of Health

Air Quality Program West Virginia's air program has 70 positions authorized and 70 positions funded. In FY 1982 the state provided $731,146 or 48% of the air program budget, while federal support totaled $800,000 or 52% of program funds. There is a 90 day mandatory time limit for issuing air quality permits in West Virginia unless an extension is mutually agreed to. The agency does not currently have authority to charge permit fees.

Water Quality Program West Virginia's water quality program has 223 positions authorized and 218 positions funded. In FY 1982 the state provided $2,377,868 or 32% of the total program cost while federal funds accounted for $4,969,992 or 68% of the program budget. There are mandatory time limits for permit issuance in West Virginia, from 90 days to one year depending on the type of application. The agency charges permit review and renewal fees. The state board has set a flat rate fee of $50 per application. The permitting agency receives the fees with the application and deposits revenues in the state general fund. Annual collections are approximately $46,000. The fees are not considered part of the state appropriation.

Hazardous Waste Program West Virginia's hazardous waste program has 20 positions authorized and 20 positions funded. In FY 1982 the state provided $198,000 or 25% of program funds, while federal support totaled $594,000 or 75% of the program budget. There are no mandatory time limits for issuing hazardous waste permits and no permits are being issued. When regulations are finalized and permits issued, the agency will collect a one-time permit processing fee. Fee collections will be deposited in the state's hazardous waste management fund, and will be considered part of the state appropriaton. The fees will be based on the facility process rate and storage capacity, but the approximate annual income is unknown at this time.

Water Supply Program West Virginia's water supply program has 29 position authorized and 26 positions funded. In FY 1982 the state provided $325,000 or 49% of the program budget, while federal support totaled $339,300 or 51% of program funds. There is a 45 day mandatory time limit for permit issuance in West Virginia. The agency does not currently have authority to charge permit fees but is seeking legislation to provide such authority.

WISCONSIN

In Wisconsin the air quality, water quality, hazardous waste, and water supply programs are vested in the Department of Natural Resources. Both permitting and management responsibilities are exercised by this agency. Current Official:

Mr. C. D. Besadny
Secretary, Department of Natural Resources

Air Quality Program Wisconsin's air program has 103 positions authorized and 103 positions funded. In FY 1982 the state provided $1,878,400 or 48.5% of air program funds, while federal support totaled $1,993,283 or 51.5% of the total program budget. There is a 120-day time limit for issuing air permits to minor sources and a 210-day time limit for permitting major sources. The agency has legislative authority to charge permit fees and is currently developing a fee system. It should be in effect by FY 1984.

Hazardous Waste Program Wisconsin's hazardous waste program has 90 positions authorized and 85 positions funded. In FY 1982 the state provided $263,834 or 25% of the total program, while federal support totaled $791,466 or 75% of the program budget. The solid waste agency charges a plan review fee and a license fee. The Department of Natural Resources sets the fees based on the size and type of the facility. Fee revenues are collected by the Department of Natural Resources and deposited in the solid waste program revenue account. The fees generate approximately $225,000 per year or 11% of the total operating budget. The fees are considered part of the state appropriations.

WYOMING

In Wyoming the Department of Environmental Quality exercises all management and permitting responsibilities for air and water quality, land quality, and solid waste management. The state does not have primacy for the water supply program under the Safe Drinking Water Act. In addition, the cooperative agreement between Wyoming and the EPA for administration of the hazardous waste program was terminated in 1981, so all responsibilities for water supply and hazardous waste are currently exercised by EPA's Region XIII in Denver. Current Official:

Robert E. Sundin
Director, Wyoming Department of Environmental Quality

Air Quality Program Wyoming's air program has 21 positions authorized and 21 positions funded. In FY 1982 the state provided $709,970 or 44% of the total air program budget, while federal support accounted for $889,344 or 56% of program funds. Air quality permits must be issued within 120 days of the submittal of a completed application. The agency does not have authority to charge permit fees, and indicates no plans to develop such authority in the future.

Water Quality Program Wyoming's water quality program has 48 positions authorized and 48 positions funded. In FY 1982 the state provided $1,616,073 or 44% of the program budget, while federal support accounted for $2,022,808 or 56% of total program funds. There is a 60-day mandatory time limit for issuing water quality permits other than NPDES permits, and as with the air program the agency has neither authority to charge permit fees nor plans to seek such authority in the future.

BY THE COMPTROLLER GENERAL

Report To The Congress

OF THE UNITED STATES

Federal-State Environmental Programs--The State Perspective

In the 1970s the Federal Government increasingly relied on the States to carry out federally mandated environmental programs, and most States have assumed that responsibility. However, the States believe many obstacles impede their implementation of those programs; they are beginning to consider these obstacles when deciding whether to assume more program responsibilities. Because of the obstacles and the States' perception that they have been ignored by Federal decisionmakers, the partnership envisioned by Congress between the Environmental Protection Agency and the States for administering Federal environmental programs has not materialized.

GAO recommends agency action to strengthen the EPA-State partnership.

UNITED STATES GENERAL ACCOUNTING OFFICE

CED-80-106
AUGUST 22, 1980

COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-197043

To the President of the Senate and the
Speaker of the House of Representatives

In enacting many environmental programs, the Congress has placed an increasing reliance on the States and has called for a Federal-State partnership to carry out the programs. This report discusses the Federal-State environmental partnership from the State perspective.

The Congress has expressed concern about Federal-State relationships in the environmental area. Therefore, we made our review to determine the problems States face in implementing environmental programs.

Copies of this report are being sent to the Director, Office of Management and Budget; the Chairman of the Council on Environmental Quality; and the Administrator, Environmental Protection Agency.

Elmer B. Staats
Comptroller General
of the United States

COMPTROLLER GENERAL'S
REPORT TO THE CONGRESS

FEDERAL-STATE ENVIRONMENTAL PROGRAMS--THE STATE PERSPECTIVE

DIGEST

The States, which are primarily responsible for carrying out Federal environmental programs, overwhelmingly believe that Federal requirements--legislative, regulatory, and administrative--and the uncertainties of Federal funding impede their management of these programs. State officials feel that they have been largely ignored in Federal decisions affecting their programs.

The Congress intended that the Environmental Protection Agency (EPA) and the States should act in partnership to implement Federal air pollution, drinking water, pesticides, solid waste, and water pollution programs, and the States have generally implemented these programs, enacted enabling legislation, and provided part of the funding.

In the past, GAO and others have reported on the problems EPA faced in administering various environmental programs, but this report presents the managerial obstacles faced by the other members of the partnership--the States. GAO confirmed that the obstacles identified by the States actually existed and tried to determine the impact those obstacles have on the partnership.

State environmental officials identified the greatest overall obstacles to their effective program management as

--delayed and inflexible regulations (see pp. 31 to 51),

--excessive EPA control over State programs (see pp. 51 to 55),

--inability to fill State staffing vacancies (see pp. 60 to 69), and

--delayed and uncertain Federal funding (see pp. 70 to 80).

Tear Sheet. Upon removal, the report cover date should be noted hereon.

DELAYED ISSUANCE AND INFLEXIBILITY OF REGULATIONS

Nearly all environmental programs have been affected to some extent by EPA's late issuance of regulations. State officials identified this as the greatest single obstacle to the management of their programs. As a result, State implementation of programs has been erratic, confused, and slow; legislative deadlines have been missed and extended; and the credibility of some State programs has been hurt. (See pp. 31 to 41.)

While State officials have criticized EPA for issuing late regulations, EPA has not been entirely at fault. Statutory deadlines established for issuing regulations have not always reflected the lengthy time needed to develop major regulations, which can include extensive outside comment. (See p. 41.)

State environmental officials also believe that EPA has not given them the flexibility to adapt their programs or unique characteristics to the national regulations. They identified the inflexibility of EPA regulations as the second greatest obstacle to program management. To these State officials, the price of inflexible national regulations is wasted State resources, stifled initiative, and unnecessary increased costs for environmental control. (See p. 44.)

REGULATIONS NOT THE ONLY CONTROLS OVER STATE PROGRAMS

While regulations are the more obvious examples of EPA controls over State programs, other, more subtle control mechanisms exist which, according to State officials, also impede program implementation. These include

--detailed grant conditions (see pp. 51 to 52) and

--mandatory policy "guidance" (see pp. 52 to 53).

The States' criticism, however, arises not because these controls exist, but because of their excessive detail and inflexibility.

STATE STAFFING PROBLEMS COMPOUNDED BY UNCERTAIN FUNDING AND PAPERWORK

Staffing constraints at the State level are a fact of life. For example:

--State vacancy rates range from 7 to 20 percent of authorized positions. (See pp. 60 to 61.)

--A total of 82 percent of all State program directors are finding it difficult to recruit engineering staff. (See pp. 60 to 62.)

--Professional staff personnel in all programs and nearly all States are taking jobs elsewhere. Over half those leaving have 3 or more years of experience. (See p. 63.)

Although other factors contribute to the problems, the root cause of staffing problems across all environmental programs is low State salaries. Moreover, in the current climate of fiscal restraint and anti-governmental growth, the disparity in salaries is likely to continue. (See p. 64.)

Staffing problems are magnified by delayed and uncertain Federal funding as well as EPA paperwork or reporting requirements. Funding uncertainties preclude effective planning for staff utilization and erode State legislative support for environmental programs. (See p. 70.)

Consistently late annual program grants result in termination or threatened termination of State employees and delays in filling badly needed positions. Moreover, reporting or other paperwork requirements dilute already limited staff by diverting employees from program operations. (See pp. 76 to 80.)

POOR COMMUNICATION HAS STRAINED EPA-STATE RELATIONSHIP

Nearly three-fourths of State environmental officials believe that EPA headquarters staff does not understand the obstacles States face, both individually and collectively, when trying to implement EPA directives. A total of 66 percent of these officials believe that lack of understanding hinders the effectiveness of their programs. (See pp. 10 to 15.) As a result, hostility permeates much of the relationship between the States and EPA. State officials believe that EPA does not trust the States, as evidenced by EPA's total control over their programs through regulations, guidelines, and grant conditions. Much of the problem stems from poor communication. (See p. 11.)

Most troublesome to the States and probably the root cause of many program management obstacles identified by the States is the overwhelming perception by State officials that EPA ignores their comments on matters directly affecting their programs. (See pp. 19 and 20.)

When State officials or their representatives were directly involved in the actual development of regulations and guidelines, they were generally pleased with the practicability of those documents. Conversely, when they did not have input, they were critical of many of the regulations, guidelines, and policy memorandums. (See pp. 20 to 25.)

In contrast to their relationship with EPA headquarters staff, States generally had good relationships with EPA regional staffs. They cited the key ingredients as good communications and interaction between States and regional people who jointly pursued environmental goals. (See p. 12.)

RECOMMENDATIONS

To improve the EPA-State partnership, the EPA Administrator should establish, as a high priority and in conjunction with State representatives, a formal program to improve the partnership. This should include:

--Establishing procedures to ensure that early State agency input is solicited before any action is taken having a direct bearing on State program implementation.

--Establishing joint EPA-State committees for each program to review its various aspects, identify implementation problems, and advise the EPA Administrator.

AGENCY COMMENTS

EPA agreed that this report is a valid compilation of State perceptions but said that it lacked balance since only State officials were surveyed. EPA also noted that the report reflects perceptions based on past events rather than more recent ongoing efforts by the States and EPA.

GAO agrees that the report presents primarily State perceptions, but for a good reason. Since the States are generally responsible for implementing these environmental programs, an understanding of the managerial obstacles they face is critical to improving overall program administration. GAO does not agree that the report lacks balance. In every instance where States identified program constraints, GAO confirmed their validity. Moreover, while these State perceptions are the result of accumulated years of frustration, they continue to cloud EPA-State relationships.

On GAO's recommendation to establish a formal program of consultation with State representatives, EPA said it is in the process of getting States more directly involved early in the regulation development procedure. GAO believes such involvement should extend beyond regulation development into other matters affecting State program implementation, such as policy and guideline development.

EPA disagrees with GAO's recommendation to establish advisory committees for each program because such action would be contrary to its attempt to bring environmental programs together and because it has already limited use of advisory committees in response to the

Federal Advisory Committee Act and Office of Management and Budget Circular A-63. GAO continues to believe this recommendation is necessary because programs are still implemented on a programmatic basis and direct State involvement in environmental decisionmaking is needed. Neither the Federal Advisory Committee Act nor Circular A-63 prevents establishing advisory committees if essential to Government operations. (See p. 83.)

ABBREVIATIONS

AAPCO	Association of American Pesticide Control Officials
ASIWPCA	Association of State and Interstate Water Pollution Control Administrators
CAA	Clean Air Act
CSSE	Conference of State Sanitary Engineers
CWA	Clean Water Act
EPA	Environmental Protection Agency
EPD	Environmental Protection Division
FIFRA	Federal Insecticide, Fungicide, and Rodenticide Act
GAO	General Accounting Office
I&M	Inspection and Maintenance
NAS	National Academy of Sciences
NGA	National Governors Association
NPDES	National Pollutant Discharge Elimination System
ppm	parts per million
PRM	Program Requirements Memorandum
RCRA	Resource Conservation and Recovery Act
SDWA	Safe Drinking Water Act
SIP	State Implementation Plan
ULV	ultra-low-volume

CHAPTER 1

INTRODUCTION

From creating a single Federal environmental agency to enacting numerous comprehensive laws to control pollution, this Nation made firm long-term commitments in the 1970s to clean up its environment. With this increased emphasis on environmental concerns came an increasing reliance on the States to carry out Federal air pollution, drinking water, pesticides, solid waste, and water pollution programs.

The congressional intent for these programs is clearly that the Environmental Protection Agency (EPA) and the States act in partnership to implement them. Moreover, with limited EPA resources available, State involvement is essential. While we and others have reported primarily on the problems faced by the EPA in administering the programs, this report presents the managerial obstacles faced by the other members of this partnership--the States. We confirmed that the obstacles identified by the States in our questionnaires and interviews actually existed and addressed the impact those State-perceived obstacles have had on the EPA-State partnership.

The extent of State program involvement is dependent on the legislation, EPA eligibility requirements, and the States' willingness to commit the necessary resources. Generally, EPA is responsible for establishing environmental standards, developing and issuing regulations and guidelines, providing research and technical support, awarding and administering grants, and enforcing the various acts. The legislation usually provides for State implementation of the programs within bounds established by EPA and for EPA to carry out the program when a State elects not to do so.

To assist States with program implementation responsibility, EPA awards grants directly to State agencies. Table 1 summarizes the direct grants provided to support State program administrative costs but does not include training funds for State personnel or funds available under the Clean Water Act's (CWA's) State Management Assistance Grant. This management grant could provide an additional $100 million a year to implement water pollution programs.

CHAPTER 1

INTRODUCTION

From creating a single Federal environmental agency to enacting numerous comprehensive laws to control pollution, this Nation made firm long-term commitments in the 1970s to clean up its environment. With this increased emphasis on environmental concerns came an increasing reliance on the States to carry out Federal air pollution, drinking water, pesticides, solid waste, and water pollution programs.

The congressional intent for these programs is clearly that the Environmental Protection Agency (EPA) and the States act in partnership to implement them. Moreover, with limited EPA resources available, State involvement is essential. While we and others have reported primarily on the problems faced by the EPA in administering the programs, this report presents the managerial obstacles faced by the other members of this partnership--the States. We confirmed that the obstacles identified by the States in our questionnaires and interviews actually existed and addressed the impact those State-perceived obstacles have had on the EPA-State partnership.

The extent of State program involvement is dependent on the legislation, EPA eligibility requirements, and the States' willingness to commit the necessary resources. Generally, EPA is responsible for establishing environmental standards, developing and issuing regulations and guidelines, providing research and technical support, awarding and administering grants, and enforcing the various acts. The legislation usually provides for State implementation of the programs within bounds established by EPA and for EPA to carry out the program when a State elects not to do so.

To assist States with program implementation responsibility, EPA awards grants directly to State agencies. Table 1 summarizes the direct grants provided to support State program administrative costs but does not include training funds for State personnel or funds available under the Clean Water Act's (CWA's) State Management Assistance Grant. This management grant could provide an additional $100 million a year to implement water pollution programs.

With some exceptions, States have implemented Federal environmental programs, enacted the necessary enabling legislation, and provided a share of the funding to carry out these programs. In many cases States already had similar environmental programs. However, the transition from State programs to State-run Federal programs has not been an easy one. As the States accepted more responsibility, they found their programs more and more under Federal control. They have been reluctant to accept Federal authority in areas once solely under State purview, and strong philosophical differences persist.

Table 1

Direct EPA Grants for State Administration of Environmental Programs

	Actual fiscal year 1978	Estimated fiscal year 1979	Proposed fiscal year 1980
	(000 omitted)		
Air pollution	$ 61,952	$ 80,000	$ 85,600
Water pollution	53,484	52,400	48,730
Pesticides	7,280	10,750	10,872
Solid waste	14,209	32,190	38,600
Drinking water	20,500	34,000	44,845
Total	$157,425	$209,340	$228,647

STATE ROLES UNDER VARIOUS EPA PROGRAMS

State roles under various environmental protection acts vary but generally provide for joint Federal-State responsibility. The roles of EPA and the States under the acts we reviewed are discussed below.

The Clean Air Act (CAA)

The Clean Air Amendments of 1970 (42 U.S.C. 1857 et seq.) established a joint Federal-State program to protect and upgrade the Nation's air quality. Under this program, the States have primary responsibility for controlling air pollution from stationary sources, while EPA is responsible for controlling pollution from mobile sources, such as automobiles. Most States have assumed responsibility for implementing the act.

The amendments provided for developing and enforcing air quality standards to protect health and welfare. EPA established air quality standards for six pollutants--total suspended particulates, hydrocarbons, carbon monoxide, sulfur oxides, photochemical oxidants, and oxides of nitrogen. The States then developed State Implementation Plans (SIPs) to show how they intended to achieve the welfare standards within a "reasonable time" and the health standards no later than 3 years after the plan's approval. For most States this date was May 31, 1975, but the health standards had not been met by any State as of mid-1977.

The Congress amended the CAA in August 1977, partly to extend the attainment deadlines imposed under the 1970 amendments. Although the basic strategy of the 1970 law remains, the 1977 CAA required each State to submit a revised comprehensive SIP. The most significant section of the SIP was a nonattainment plan, which the States had to submit to EPA for approval by January 1, 1979. 1/ If EPA found the State plan unsatisfactory and/or the State did not submit it by the deadline, EPA could

--withhold or restrict grants for sewage treatment works,

--stop industrial growth,

--withhold air program grants, and

--prohibit certain Department of Transportation projects and grants.

In preparing its nonattainment plan, the State must specifically address those areas in violation of any health standard and provide for attainment by December 31, 1982. If a State can show that the photochemical oxidants and carbon monoxide standards cannot be met despite implementing reasonable emission controls, it may obtain a 5-year deadline extension for those pollutants. To obtain an extension, however, the SIP must include an automobile

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1/Although three States did make partial SIP submissions, none submitted a complete SIP revision by Jan. 1, 1979.

emission control inspection and maintenance (I&M) program; a commitment to establish, expand, or improve public transportation; and a program for selecting a package of transportation control measures.

The Clean Water Act

The Federal Water Pollution Control Act Amendments of 1972 (33 U.S.C. 1251 et seq.) totally revised existing water pollution legislation. The amendments established goals to attain water quality by 1983, wherever possible, suitable for recreational contact and the protection and propagation of fish and wildlife, and to eliminate any discharges of pollutants into the Nation's waters by 1985. Moreover, it established specific deadlines for controlling municipal and industrial discharges. The 1977 CWA (Public Law 95-217) amended the act to revise definitions and timetables, continue funding, and address toxic substances. The act contains various provisions, most of which the States have assumed responsibility for implementing.

Construction Grant Program

A major part of the CWA is the Construction Grant Program. Under this program, Federal grants are provided for planning, designing, and constructing municipal sewage treatment facilities. These grants provide between 75 and 85 percent of the facilities' eligible costs. The States determine the specific facilities to be constructed and may provide additional funding support. For fiscal years 1970 through 1979, the Congress appropriated $34.1 billion for this program and authorized an additional $5.0 billion annually through fiscal year 1982.

Although the review and approval processes throughout the Construction Grant Program have generally been a joint EPA-State effort, EPA had delegated some of these responsibilities solely to the States. EPA retains implementing responsibility for those elements not delegated.

The 1977 CWA changes provided States a new incentive to manage day-to-day construction grant activities. Section 205(g) of the act authorizes each EPA-approved State to use $400,000, or 2 percent of its construction grant allocation (whichever is greater), to support State program administration costs. This grant supplements other moneys provided the States for program administration. As of July 12, 1979, EPA had negotiated section 205(g) delegation agreements with 22 States and expected 19 other States to enter into similar agreements by the end of fiscal year 1980.

National Pollutant Discharge Elimination System (NPDES)

The National Pollutant Discharge Elimination System (section 402) is CWA's basic enforcement mechanism. EPA, or one of the 31 EPA-approved States, must issue permits for all discharges into U.S. waters. An NPDES permit, issued for fixed periods not to exceed 5 years, specifies discharge limitations for specific pollutants in substances, establishes schedules and time frames for actions necessary to comply with those limitations, and requires self-monitoring and periodic reporting of plan compliance.

Dredge and Fill Program

The Dredge and Fill Program (section 404) is a permit program which controls the discharge of dredged and/or fill material into navigable waters. This program was originally administered by the Corps of Engineers, but under the 1977 amendments, States can take over the program.

Areawide Planning Program

The 1972 amendments created an Areawide Planning Program (section 208) to address all water quality problems within a geographic area. Under current EPA regulations, each State must either designate a local planning agency or perform the planning function itself. The State or local planning agency was to submit plans to EPA within 2 years, but no later than November 1, 1978. The 1977 CWA changes allowed some flexibility on this deadline. Each plan must identify all water pollution sources within the planning area, determine the extent of pollution, and develop a means to control each type of pollution. The plan is to be updated annually through the State's continuing planning process.

The Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA)

In 1972 the Congress substantially revised the Federal Insecticide, Fungicide, and Rodenticide Act of 1947 (7 U.S.C. 135) by adding broad new authorities for the comprehensive control of pesticide products. Recognizing that the amended act was not working as expected, the Congress amended FIFRA again in 1978 to extend funding and clarify many provisions.

FIFRA makes EPA responsible for administering a nationwide pesticide control program and regulating the manufacture, distribution, and use of pesticides. States with EPA approval can certify and train pesticide users and enforce the provisions of the act.

EPA classifies pesticides, based on their potential harm to the environment, for either restricted or general use. Only trained and certified applicators may apply pesticides designated for restricted use. EPA funds those States administering applicator certification and training programs.

With EPA approval, States may also be delegated primary enforcement responsibility and receive an EPA grant to enforce FIFRA provisions. EPA retains that responsibility in the other States. Only Colorado and Nebraska opted not to participate in the FIFRA applicator certification and training program. Officials in these two States cited philosophical differences with the Federal legislation and resistance to federally mandated programs as reasons for not participating. For the enforcement of FIFRA provisions, EPA expects to negotiate at least 43 State cooperative agreements in fiscal year 1980.

The Resource Conservation and Recovery Act (RCRA)

In 1976 the Congress passed the Resource Conservation and Recovery Act (42 U.S.C. 6901) to protect health and the environment and conserve valuable material and energy resources. This act mandates a national program to control hazardous wastes from their generation point to ultimate disposal and sets forth a program to manage nonhazardous solid wastes. RCRA was intended to be implemented primarily by the States.

Under subtitle C (hazardous wastes), EPA must establish a national regulatory program to control hazardous wastes, which the Federal Government will operate and enforce only when EPA does not approve the State program. "Cradle to grave" hazardous waste control is to be achieved by (1) establishing Federal standards for hazardous waste generators; transporters; and treatment, storage and disposal facilities, (2) using a nationwide manifest system to track hazardous waste movement, (3) issuing permits for new and existing treatment, storage, and disposal facilities, and (4) enforcing these Federal requirements. States can receive financial and technical aid to develop hazardous waste programs meeting EPA requirements. Seven States are unsure if they will administer a hazardous waste program, and one State--Alaska--has stated it does not intend to administer such a program because it would require too much State effort for too little gain.

Subtitle D (nonhazardous solid wastes) encourages the States to develop nonhazardous waste management programs but does not mandate a Federal program when States do not wish to operate their own. EPA provides grants to assist States in developing comprehensive solid waste management plans which provide for the closure or upgrading of existing open dumps, prohibit the establishment of new open dumps, and provide environmentally sound solid waste disposal or recovery alternatives. The act also requires a disposal site inventory, which the States will conduct, to determine whether these sites should be classified as open dumps or sanitary landfills. EPA is planning a 5-year phaseout of the Federal role under subtitle D, beginning in 1980. Most States plan to administer the nonhazardous waste program.

The Safe Drinking Water Act (SDWA)

In December 1974 the Congress passed the Safe Drinking Water Act (42 U.S.C. 300(f), supp. V, 1976) to ensure that public water supply systems throughout the Nation meet minimum national health standards. This act was the first national committment to safeguard public drinking water supplies. Before the act, Federal authority to regulate drinking water quality had been restricted to water provided on interstate carriers or sold interstate.

EPA must establish national drinking water standards, and the States are expected to adopt and enforce these standards. The act intended the States to take the lead implementation role by assuming enforcement responsibility or "primacy" over the Nation's estimated 250,000 public water systems. EPA enforces the act in those States not assuming primacy.

To obtain primacy, a State must establish a drinking water program approved by EPA. To help the States develop and implement primacy programs, the act authorizes EPA to award grants not exceeding 75 percent of the States' total program costs. The 1977 amendments extended the deadline for State primacy assumption to October 1, 1979. At the time of our review, all but six States were implementing the act, but EPA expects that all States will assume primacy by the end of 1980. The reasons those six States cited for not implementing the Federal program were State budgetary limitations, opposition to regulatory emphasis of the Federal program, inflexible regulatory approach, inadequate Federal funding, lack of public support, and reluctance to replace the existing State program with a Federal program.

Another major provision of the act addresses the protection of underground water sources by controlling subsurface fluids injection. The 22 States EPA initially designated as needing an underground injection control program may undertake primary enforcement responsibility for this program with EPA approval.

SCOPE OF REVIEW

This report identifies the major obstacles States face on a national basis when implementing programs under five Federal environmental laws--the Clean Air Act; the Clean Water Act; the Federal Insecticide, Fungicide, and Rodenticide Act; the Resource Conservation and Recovery Act; and the Safe Drinking Water Act. This report addresses the impact those obstacles have on the EPA-State partnership envisioned to carry out those laws.

Based on interviews with representatives of the Council of State Governments and the Advisory Commission on Intergovernmental Relations and with environmental officials in Connecticut, Georgia, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont, we designed and sent individual program questionnaires 1/ to State lead environmental agency administrators and the State directors of air pollution, water pollution, drinking water, pesticides, and solid waste programs. We used nationwide questionnaires to ensure that the problems identified were national in scope and not unique to the States contacted.

The overall questionnaire response rate was 93 percent, which ranged from 90 to 100 percent, depending on the program, as shown in table 2. At the time of our review, two States (Colorado and Nebraska) were not implementing FIFRA and six States (Indiana, Oregon, Pennsylvania, South Dakota, Utah, and Wyoming) were not implementing SDWA. In those cases, we excluded any questionnaire responses received. Moreover, by our definition of lead environmental agency--the single State agency responsible for implementing at least the Clean Air and Clean Water Acts--five States (Maryland, New Hampshire, Texas, Virginia, and West Virginia) did not have such an agency.

1/A compilation of selected questionnaire responses is being issued under separate cover.

Table 2

State Response Rate to GAO Questionnaires

	Lead agency	CAA	CWA	FIFRA	RCRA	SDWA
Total States	50	50	50	50	50	50
Less:						
States with no lead agency	5					
States not implementing Federal act	—	—	—	2	—	6
Universe for questionnaire	45	50	50	48	50	44
Questionnaires returned	45	45	45	46	46	40
Response rate (percent)	100	90	90	96	92	91

We asked State environmental officials responding to the questionnaires to identify specific examples of the obstacles cited. We verified those specific examples with the appropriate records to ensure that the obstacles did in fact exist. We excluded any examples provided which we could not substantiate. While some obstacles at the State level--State leadership, organizational conflicts, and obtaining enabling legislation--were valid for individual States, they were not problems on a national scale and are not discussed in this report. Where disputes existed between the States and EPA, we obtained the viewpoints of EPA officials.

We also discussed program implementation problems with representatives of the various organizations that State program directors identified as best representing their interests and viewpoints to the Congress and EPA. These included the Conference of State Sanitary Engineers (CSSE), Association of State and Interstate Water Pollution Control Administrators (ASIWPCA), Association of American Pesticide Control Officials (AAPCO), the State and Territorial Air Pollution Program Administrators, and the National Governors Association (NGA).

CHAPTER 2

EPA-STATE RELATIONSHIPS ARE SEVERELY STRAINED

The States, primarily responsible for carrying out Federal environmental legislation, overwhelmingly identified Federal requirements--legislative, regulatory, and administrative--and the uncertainties of Federal funding as the greatest obstacles to managing their programs. Because of these obstacles and the States' perception that they have been largely ignored in Federal decisions affecting their programs, the EPA-State partnership envisioned by the Congress and so important to the effective implementation of Federal environmental programs has not fully materialized.

Discussed below are State environmental officials' perceptions of the overall obstacles to managing their programs and their relationship with their partner, EPA. Obstacles created by Federal requirements are discussed in chapter 3, and funding and staffing constraints are discussed in chapter 4.

STATES CRITICAL OF EPA HEADQUARTERS

State program directors and lead environmental agency administrators have a far better relationship with EPA regional offices overall than with EPA headquarters. They generally believe that regional staffs at least understand the problems they face and try to assist them in meeting environmental objectives but that EPA headquarters staff does not. They characterize headquarters officials as inexperienced, living in fantasy worlds, and having no conception of the implications of the decisions they make which directly affect State programs. To the States, EPA headquarters is the root cause of the problems they face in implementing Federal environmental programs.

State officials provided many examples of EPA actions or inactions that frustrated them and detracted from effective program implementation. Some of their examples taken alone do not appear on the surface to be of major significance; however, as a composite, they paint a picture of distrust, frustration, and annoyance with the Federal structure.

State officials maintain that the so-called EPA-State partnership is a myth. One lead agency administrator said that EPA delegates responsibilities to the State but does not delegate the authority for the programs to the State.

He referred to this as "relegation" rather than "delegation." Another official told us that EPA views the air pollution program as its own, with the State acting in the role of an EPA agent.

State officials pointed out that EPA maintains virtually total control of its programs through regulations, guidelines, grant documents, duplicative reviews, and paperwork requirements. Some State officials believe that EPA maintains this control because it distrusts State personnel. For example, one State program director said that "EPA Headquarters has continually assumed the States are incapable of developing or administering effective environmental programs." Another official wrote that EPA has "an apparent mistrust of State and local agencies. They exhibit this by extreme attention to overview and review processes."

State perceptions that the EPA-State partnership is nonexistent and that EPA's desire to control State programs stems from mistrust are not new. In December 1975 a Decentralization Task Force formed by an EPA assistant administrator reported:

> "Of even more concern to State officials is the deeply felt belief that the joint State-EPA partnership, which is often cited in EPA program documents, is little more than a slogan. The use of the term, partnership, by EPA is seen by many States to be somewhat self-serving since EPA defines the terms of the 'partnership,' and appears to reserve to itself the role of 'senior partner.' Several State officials referred to program delegation as a system in which, "the States do all the work and EPA retains the authority and takes the credit."

In our report entitled "16 Air and Water Pollution Issues Facing the Nation" (CED-78-148B, Oct. 11, 1978), we reported that according to State officials, EPA "believes States are there solely to implement the Federal program and are incapable of administering on their own."

The overall impact of this deteriorating relationship on State programs was described by one lead agency administrator:

> "The greatest negative impact on our program is the deadening effect that Federal interference and influence has upon the spirit and morale of the people who are operating in the programs. Once a program becomes 'federalized,' the morale, efficiency, and quality of output is noticeably diminished. This accounts for the decreased emphasis on environmental issues in our State."

Table 3 shows that over 82 percent of the State program directors described their relationship with EPA regional staffs as either very good or good. The typical reasons for good relations were described by the director of Georgia's Pesticide Division:

> "We have made every effort possible to cooperate with the Region IV office, we have sought their input into our actions to secure concurrence. They have shown an understanding of our problems and have made every possible effort to assist us when possible. When we have disagreed on policy or procedures, we have done so with dignity. Accordingly, our mutual respect has certainly contributed to the solution of our problems under FIFRA."

Others pointed to the professional competence and reasonableness of regional staffs. Overall, the key ingredients were clearly good communication and interaction between the States and regional people who have made a concerted effort to jointly pursue environmental goals.

Table 3

State Program Directors' Responses: Overall, How Would You Characterize Your Relationship with EPA Regional Staff?

Program	State responses	Very good	Good	Neither good nor bad	Poor	Very poor
		(percent)				
CAA	45	15.6	53.3	20.0	11.1	0.0
CWA	45	11.1	57.8	26.7	2.2	2.2
FIFRA	46	69.6	30.4	0.0	0.0	0.0
RCRA	46	43.5	43.5	8.7	2.2	2.2
SDWA	40	55.0	32.5	5.0	7.5	0.0
Total	222	38.7	43.7	12.2	4.5	0.9

Where a cooperative atmosphere did not exist, State program directors were very critical of regional staff. For example, the Director of a State water pollution program wrote: "We have fewer people doing the work than they have watching it, but we can't get help when we ask for it. They are too busy doing other things." A water pollution control director said that the regional staff's search for reasons to deny rather than assist is a constant problem. Another recognized that the problem was not so much with the regional people as it was with the headquarters directives they had to follow.

While most States are satisfied with their relationship with the EPA regional offices, they are frustrated with EPA headquarters. As shown in table 4, State lead environmental agency administrators believe EPA headquarters has substantially less understanding of the obstacles States face in implementing environmental programs than do the EPA regions. A total of 73 percent of State program officials believe headquarters has a less-than-moderate understanding of the problems they face, and 66.1 percent believe this lack of understanding negatively affects their programs. (See tables 5 and 6.)

Table 4

Administrator, Lead Environmental Agency Responses: Do You Feel That EPA Understands the Problems You Face in Administering Your Program? (Note a)

	Regions	Headquarters
	(percent)	
Definitely yes	13.3	0.0
Probably yes	42.2	8.9
Uncertain	11.1	13.3
Probably no	22.2	35.6
Definitely no	11.1	42.2

a/Total responses: 45.

Table 5

State Program Directors' Responses: To What Extent, If at All, Do You Feel the EPA Headquarters Staff Understands the Problems You Face as a State Program Director in Administering Your Program?

Program	State responses	Very large extent	Substantial extent	Moderate extent	Some extent	Little or no extent
			(percent)			
CAA	45	0.0	4.4	8.9	37.8	48.9
CWA	45	0.0	4.4	11.1	33.3	51.1
FIFRA	46	6.5	8.7	28.3	41.3	15.2
RCRA	46	0.0	6.5	23.9	41.3	28.3
SDWA	40	5.0	12.5	15.0	22.5	45.0
Total	222	2.3	7.2	17.6	35.6	37.4

Note: Percentages do not equal 100 percent due to rounding.

Table 6

State Program Directors' Responses: Overall, How Does the Current Level of EPA Headquarters Staff Understanding of Your Problems Impact on the Effectiveness of Your Program?

Program	State responses	Significant positive impact	Positive impact	Little or no impact	Negative impact	Significant negative impact
		(percent)				
CAA	45	0.0	11.1	13.3	53.5	22.2
CWA	a/44	0.0	6.8	13.6	45.5	34.1
FIFRA	46	4.3	10.9	41.3	32.6	10.9
RCRA	46	0.0	13.0	17.4	56.5	13.0
SDWA	40	12.5	10.0	15.0	40.0	22.5
Total	221	3.2	10.4	20.4	45.7	20.4

a/One other State replied that the impact on effectiveness varies.
Note: Percentages do not equal 100 percent due to rounding.

The comments of one State water pollution control program director were typical of many others.

> "The States and EPA Regions will continue to experience great difficulty in administering CWA programs until EPA Headquarters gets people in top level management positions who have extensive experience in pollution control. Current EPA regulations are basically written by young lawyers and inexperienced personnel who have no conception of the impacts of what is being put in print."

The gist of EPA headquarters' image problem is the States' perception that EPA headquarters officials, who oversee the various programs, simply have no understanding of the real workings of pollution control programs, whereas regional officials do. As one State official wrote in describing why he classified his relationship with the EPA region as very good, "unlike many EPA Headquarters people they live in the real world." Another State official wrote:

> "I feel that a strong regional presence with authority to make decisions is preferable to a situation where

> all decisions come from Washington. Regional people do have a better knowledge of the problems facing us in State government than do headquarters."

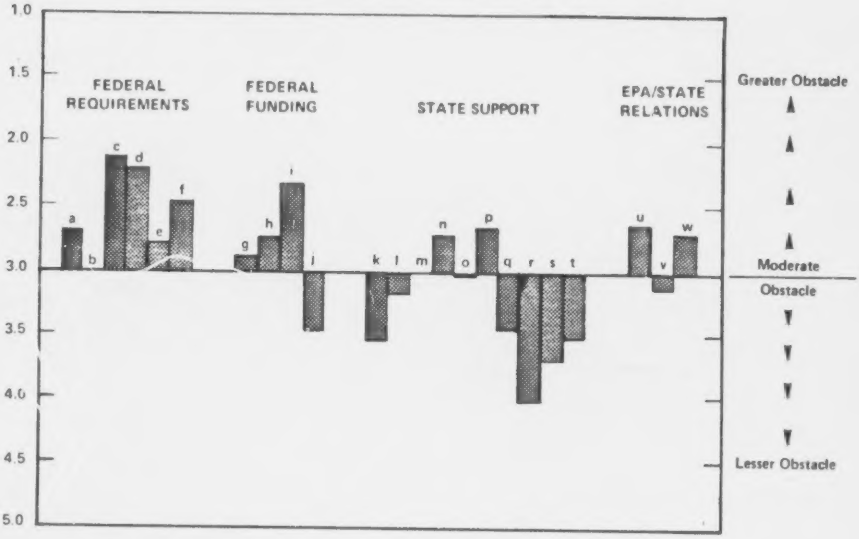
STATE DISCONTENT STEMS LARGELY FROM PERCEPTIONS OF EXCESSIVE EPA CONTROL

The causes of State discontent with EPA headquarters varied among State officials, but the States' perception of excessive control over their programs is certainly the major contributing factor. State officials believe that the Federal Government should provide national direction to implement programs without undue Federal control, interference, and duplication. Their belief, however, contrasts sharply with the way they perceive the programs are actually operating. State environmental officials said that their programs are hampered by slow and erratic Federal funding and voluminous, untimely, unclear, unrealistic, and inflexible Federal regulations and administrative requirements.

As shown in figure 1, State program directors identified the most significant program management obstacles across all programs as the delayed issuance and inflexibility of EPA regulations and guidelines, the uncertainty of Federal funding, and the extent of controls EPA imposes on the States. The only obstacle of any consequence identified at the State level were staffing constraints. Table 7 illustrates that the lead environmental agency administrators, with few exceptions, ranked the obstacles to effective program management in much the same way as did a consolidation of all program directors (shown in the table as national program ranking.)

FIGURE I

CONSOLIDATED STATE PROGRAM DIRECTORS' RESPONSES
OBSTACLES TO MANAGING ENVIRONMENTAL PROGRAMS



● FEDERAL REQUIREMENTS
- a. Deadlines imposed by Federal legislation
- b. Availability of technology to support Federal legislation
- c. Time it takes to issue EPA regulations and guidelines
- d. Amount of flexibility in current EPA regulations and guidelines
- e. Clarity of current EPA regulations and guidelines
- f. Extent of controls imposed on the State by EPA

● FEDERAL FUNDING
- g. Amount of Federal funding to support program costs
- h. Timing of Federal funding to support program admin. costs
- i. Knowledge of future Federal funds to support State program costs
- j. Federal funds for municipalities to meet Federal environmental requirements

● STATE SUPPORT
- k. Obtaining State enabling legislation
- l. Existing State policies to limit all program growth
- m. Amount of State funding to support program costs
- n. Number of staff in State program
- o. Losses of experienced personnel
- p. Ability to fill personnel vacancies
- q. Current training programs available for State personnel
- r. Split responsibility for environmental programs within the State
- s. Level of public support for environmental programs
- t. Level of State political support for environmental programs

● EPA-STATE RELATIONSHIPS
- u. Timing of EPA answers to questions/regulation interpretations
- v. Quality of EPA answers to questions/regulation interpretations
- w. Philosophical differences on program priorities and objectives

Table 7

Ranking of Obstacles to Managing State Environmental Programs

Obstacles	Lead agency ranking	National program ranking	Ranking by individual programs CAA	CWA	FIFRA	RCRA	SDWA
Federal requirements:							
Deadlines imposed by Federal legislation	3	6	1	8	12	15	7
Availability of technology to support Federal legislation	14	13	9	15	10	19	11
Time it takes to issue EPA regulations and guidelines	1	1	2	2	1	1	16
Amount of flexibility in current EPA regulations and guidelines	2	2	3	1	5	3	1
Clarity of current EPA regulations and guidelines	9	11	11	7	6	10	13
Extent of controls imposed on the State by EPA	4	4	7	3	7	8	2
Federal funding:							
Amount of Federal funding to support program costs	12	12	13	10	14	4	17
Timing of Federal funding to support program administration costs	10	9	17	6	8	7	5
Knowledge of future Federal funds to support State program costs	5	3	14	4	2	2	4
Federal funds for municipalities to meet Federal environmental requirements	18	19	22	17	23	5	15
State support:							
Obtaining State enabling legislation	20	21	15	21	20	16	22
Existing State policies to limit all program growth	17	17	18	19	15	17	8
Amount of State funding to support program costs	15	14	16	14	11	11	10
Number of staff in State program	11	10	6	13	16	6	6
Losses of experienced personnel	7	15	8	12	19	18	12
Ability to fill personnel vacancies	6	7	4	11	13	9	3
Current training programs available for State personnel	19	18	20	18	22	13	20
Split responsibility for environmental programs within the State	23	23	23	23	21	23	23
Level of public support for environmental programs	22	22	21	22	17	21	21
Level of State political support for environmental programs	21	20	19	20	18	22	19
EPA-State relationships:							
Timing of EPA answers to questions/regulation interpretations	8	5	5	5	3	14	14
Quality of EPA answers to questions/regulation interpretations	16	16	12	16	9	20	18
Philosophical differences on program priorities and objectives	13	8	10	9	4	12	9

STATES BELIEVE THEY HAVE LITTLE INPUT INTO THE EPA DECISIONMAKING PROCESS

Most troublesome to the States is that although they are responsible for implementing Federal environmental programs, they overwhelmingly believe they have little input into the EPA decisionmaking process. Only 5.7 percent of State program directors and lead agency administrators believe their viewpoints are given substantial consideration in the EPA regulation-making process, and only 3.4 percent believe their viewpoints are substantially considered in the EPA policy-making process. (See tables 8 and 9.)

While States usually have an opportunity to comment on EPA-proposed regulations, many State officials believe that EPA headquarters ignores their comments. Further, States are often overwhelmed by the volume of EPA-generated regulations and simply do not have the time to comment either because the drafts were received late or because they lack the staff to review them.

Table 8

State Responses: To What Extent, If at All, Do You Feel Your Viewpoint Is Given Adequate Consideration in The EPA Regulation-making Process?

State program	Responses	Very great extent	Great extent	Moderate extent	Some extent	Little or no extent
		(percent)				
Lead agency	45	0.0	2.2	20.0	26.7	51.1
CAA	45	0.0	2.2	15.6	37.8	44.4
CWA	45	0.0	2.2	11.1	26.7	60.0
FIFRA	46	2.2	6.5	17.4	45.7	28.3
RCRA	45	0.0	11.1	20.0	42.2	26.7
SDWA	40	0.0	7.5	20.0	25.0	47.5
Total	266	0.4	5.3	17.3	34.2	42.9

Note: Percentages do not equal 100 percent due to rounding.

Table 9

State Responses: To What Extent, If at All, Do You Feel Your Viewpoint Is Given Adequate Consideration in The EPA Policymaking Process?

State program	Responses	Very great extent	Great extent	Moderate extent	Some extent	Little or no extent
		(percent)				
Lead agency	45	0.0	4.4	13.3	26.7	55.6
CAA	45	0.0	2.2	11.1	24.4	62.2
CWA	45	0.0	2.2	8.9	15.6	73.3
FIFRA	46	2.2	2.2	15.2	54.3	26.1
RCRA	45	0.0	4.4	17.8	40.0	37.8
SDWA	40	0.0	2.5	27.5	22.5	47.5
Totals	266	0.4	3.0	15.4	30.8	50.4

Note: Percentages do not equal 100 percent due to rounding.

Regulations do not reflect problems of program implementation

State officials believe that EPA regulations and guidelines are unrealistic and do not consider the practicalities of implementation. States cite increased workloads imposed by new regulations while staff levels are fixed and inadequate leadtimes are given to get programs established. Reports issued by the National Academy of Sciences (NAS), the Council of State Governments, and the Association of State and Interstate Water Pollution Control Administrators support these contentions.

The Council of State Governments, in a November 1978 report entitled "Pesticide Applicator Certification and Training: The Impact of Federal Funding Termination," stated that

> "many States feel that the Federal Government, in promulgating regulations, is unaware of the problems associated with actual implementation, particularly in the administration of environmental controls."

In its 1977 report on EPA's decisionmaking, NAS points out that:

--EPA's decisionmaking practices do not consider the practicality of implementation.

--EPA regional offices and State and local governments believe that EPA headquarters is "too often oblivious to the practical difficulties of implementing EPA regulations."

--EPA regional and State officials "are critical of EPA Headquarters for writing regulations that require more field resources than are available."

An example of what NAS was discussing was recently highlighted by ASIWPCA. Discussing a pretreatment program for municipal wastewater treatment plants, funded under the Construction Grant program, ASIWPCA reported that few States have the resources to implement the program as required by EPA regulations. In its May 1979 report, "Recommendations for an Improved National Water Quality Program," ASIWPCA concluded that the "program must be designed for management utilizing likely available (existing and future) resources * * * "and warned:

> "Failure to alter the program will result in (1) withdrawal of the NPDES authority from some States (which may not be a viable option since USEPA does not have the resources to administer the program) or (2) a poorly run program by a number of States."

Several State officials described the problems they face when program requirements are imposed without any apparent consideration of the implementing problems at the State level. One State lead agency administrator told us that the States need at least 3 years leadtime to implement major cooperative State-Federal programs. With the time needed to plan new programs; obtain enabling legislation and staffing; and sell the program to the Governor, the legislature, and the public, he pointed out that States are never allowed enough time to implement a new program before they are hit with new legislation, regulations, and requirements, all of which require a new start. As he put it, the States are constantly playing catchup. A water pollution program director said that because of differences in fiscal years, his State is about 1 to 1-1/2 years behind Federal requirements. His State simply cannot beef up its staff to handle new requirements, even if EPA provides the funds.

The State chairman of a water pollution control program commented on manpower constraints:

> "* * * EPA in revising its numerous regulations subsequent to the passage of the CWA has with each

> version, imposed new program requirements (and manpower requirements) on the States. While some of these new requirements might be desirable if we had unlimited resources, many add little or nothing to the overall effectiveness of the water quality effort. With the limited manpower resources available within the States, there is no way these new requirements can be satisfied. Yet, the regulations do not provide any flexibility. We must--but we can't."

The director of a State solid waste program submitted his agency's consolidated comments to EPA on proposed hazardous waste regulations and discussed the need to recognize implementation problems. Specifically, he wrote:

> "During our work with the EPA and the NGA, our comments were based on some ten years of experience dealing with private enterprise and municipalities. We have stressed the real world political problems in dealing with elected officials and the general public within the restraints of State laws regarding public hearings and permitting requirements. It is imperative that the EPA in its promulgation of regulations recognize the grass roots implementation problems by providing regulatory flexibility which allows States to continue on-going safe and effective programs. Although some flexibility has been added in the notes of the latest proposed regulations, we do not see sufficient flexibility nor do we see an indication that the EPA is willing to place trust in the professional competency of the States."

State input given lipservice

Even where State input into regulation development, reports, or studies is mandated by legislation, States may still not be actively involved. One such case was the preparation of a report on ultra-low-volume (ULV) uses of pesticides required by the 1978 FIFRA amendments.

FIFRA, as amended in 1972 and 1975, made it illegal "to use any registered pesticide in a manner inconsistent with its labeling." The 1978 FIFRA amendments provided some clarification of the term and required EPA, in cooperation with the Secretary of Agriculture and after consultation with appropriate State officials, to study methods of applying pesticides, including ULV methods.

The amendments required EPA to report on this study no later than March 31, 1979, with recommendations to the House and Senate Agricultural Committees for changes in existing law on the use of a pesticide "in a manner inconsistent with its labeling." The act further provided that EPA may issue an advisory opinion resulting from the study, which will have the effect of a regulation. If EPA did not issue a regulation or advisory opinion by March 31, 1979, pesticides could be applied in a more concentrated form than specified on the label. On March 31, 1979, EPA submitted the required report and on July 10, 1979, published an advisory opinion which makes pesticide use illegal at any dilution less (or more highly concentrated) than that specified on the label.

Although the FIFRA amendments mandated State involvement in the ULV report, State input was extremely limited. State officials were not involved in the development of the report; rather, the study group consisted of six EPA staff members who consulted with three Department of Agriculture officials. States were given only a last minute opportunity to review the draft report and make comments. The chairman of the enforcement subcommittee of a State advisory group received a copy of the draft report on February 28, 1979, for distribution to other committee members. Comments were due on March 8, 1979--10 days later.

The chairman was involved in a pesticide emergency in his State and did not have time to provide written comments. He did provide limited oral comments, however, based on input received from two State pesticide control officials who were also subcommittee members. He had sent copies to them for review and comment, but these State officials had less than a week to provide written comments. One committee member did not respond because of insufficient time to adequately review the report. The other official prefaced his one page of comments with the following statement: "Because of the short time provided for me to study this report in detail, I will limit my comments to the more important considerations."

The EPA project officer on the ULV study told us that the States were not involved in writing the report because EPA believed preparation of the report was its responsibility. State officials, however, were upset with the lack of input they had into this report, which directly affects their programs. The immediate past president of the Association of American Pesticides Control Officials, an association of State pesticides program directors, wrote us that "I do not personally feel that a last minute opportunity to review the report before it is sent to Congress is an opportunity to consult with the agency." He also wrote to the chairman, House Committee on Agriculture, stating that "it appears to be a last minute attempt to inform the states in order to be able to say that the states had been contacted."

In addition to the lack of State input into the ULV report, the States had absolutely no input into the advisory opinion of July 10, 1979, which became a regulation for the States to follow. One State official said that he phoned the EPA project officer to obtain the advisory opinion so that he could comment on it. The project officer agreed to send the opinion to him for comment, but he never received the draft.

State input has worked

When States have been directly involved in the EPA decisionmaking process, their input has been beneficial. State representatives were extensively involved in developing some SDWA and FIFRA regulations and guidelines with good results from the State perspective.

Safe drinking water program

The chairman, Water Supply Committee, Conference of State Sanitary Engineers, testifying on the implementation of the SDWA before the House Subcommittee on Public Health and Environment, September 25, 1978, said; "This may well be the most effective Federal-State coordination on implementing a Federal environmental act that we have encountered." He went on to say:

> "An extremely encouraging aspect of the Safe Drinking Water Act is the fine State-Federal liaison that has been a major consideration in the implementation of the Act since its passage. With the exception of the organics regulations that are now under fire by so many people, there has been excellent input by the States into regulations and guidelines prior to their publication for public hearings."

Commenting on situations where State officials had no input, a State water supply official wrote:

> "The two obvious examples of State-EPA non-cooperation I can cite are the pending regulations on organics in drinking water and the current proposal for a State-EPA agreement. In each case, the problem resulted in things being dropped on the States with too little communication, understanding, and support. Such issues can be dealt with openly and factually but only if there is a mutual spirit of trust and cooperation. This was absent in these two instances * * *."

The NAS 1977 report on decisionmaking in EPA states:

> "The practice of including State officials on working groups was significant in the development and implementation of safe drinking water regulations. This measure has had two virtues; it has acquainted headquarters officials with potential implementation pitfalls and has also improved prospects for cooperation by State programs. Such practice should be continued when EPA is developing regulations with significant impact on State resources and when EPA is given unambiguous legislative guidance as to minimum program requirements."

Pesticides program

The president of AAPCO said that a State task force worked extensively with EPA in developing certification regulations. The success of that relationship is evidenced by the fact that only one State pesticide official complained to us about these regulations. AAPCO has also been extensivly involved with EPA in developing and modifying enforcement guidelines, used in State-EPA cooperative enforcement agreements. The president of AAPCO concluded that this procedure works well; not everyone agrees totally with the guidelines, but at least States have input. For example, only 2 of the 32 States with cooperative enforcement agreements told us that they were dissatisfied with the agreement.

EPA ACTIONS HURT RELATIONSHIPS WITH STATES

Actions taken by EPA can further hurt deteriorating EPA-State relationships when the States find their program efforts being frustrated. Even where EPA takes corrective actions after initially failing to coordinate with State agencies, the damage to the basic relationship has been done. From such experiences, the States have perceived that they are not equal partners with EPA, and they are skeptical about new environmental initiatives proposed by EPA.

Funding private contractors for technical assistance

In administering CAA, EPA traditionally has used private contractors funded with State program grant money to perform various technical and resource-intensive services for the States. Although the practice of using private contractors is not new, some State officials only recently realized that contractors were funded with program grant money. This practice has angered State program officials, even though they were not overwhelmingly dissatisfied with the results of contractors' work.

As late as February 1979, the fact that EPA-issued contracts were being funded with program grant money was not known to all State air program directors. One of these directors said that EPA had always represented contracts as "A gift from heaven." Another State official told us that organizations representing State air program have worked extremely hard to obtain increased air program funding, and it was upsetting that after they had obtained that funding, EPA used part of it to award contracts. He stated that some of the contracts are research, which more appropriately should be funded from the EPA research budget.

Using private contractors for oversight inspection

In fiscal year 1979, the Office of Management and Budget replaced 30 EPA enforcement positions with $2.1 million to be used by private contractors to inspect sources States reported as complying with air pollution control requirements. These overview inspections are intended to assure the reliability of State-reported compliance data. The use of contractors for this purpose, however, threatens to further damage State-EPA relationships.

The use of private contractors to conduct overview inspections has angered a number of State air pollution control officials. The director of Massachusetts' air program notified EPA region I by letter that his department

> "* * * has determined that the consultant under contract to EPA will receive limited cooperation in the procurement of background information for such inspections. This cooperation will consist of making files available to the contractor at the Department's convenience. Department personnel will not be required to assist the contractor in any other way."

The director objected to the use of contractors because of potential conflict of interest, qualifications of contractor personnel, possible reluctance of industry to allow voluntary field inspections, and the actual loss of State personnel to private contractors. On the latter point, he wrote:

> "The Department has recently lost several well qualified engineers to private contractors who were performing work for government agencies. Although

> the Department does not object to qualified personnel bettering their salaries by going to work for private contractors, it does not appear to be in the best interest of taxpayers to pay the 100 percent overhead cost charged by contractors to repeat work already being done by government agencies. Also, contractor use becomes self-perpetuating and self-enhancing since State agencies become less capable of doing the job as more qualified personnel are hired away."

A New Jersey official wrote to the regional administrator of EPA region II (New York) and complained of the strain this approach would put on State resources. Specifically, he stated:

> "We view enforcement as a government agency responsibility, regardless of the level of government. As such, we strongly oppose delegation to a non-governmental entity. New Jersey has long had one of the most progressive, effective, and efficient enforcement programs in the nation. If EPA can justify the need for enforcement support, then available resources should be allocated to the appropriate state or local agencies which already have the requisite knowledge and experience rather than to a private, profit-oriented enterprise.
>
> "Generally, we have found that almost any contractor's employees working in the air pollution control area must be trained in our rules, regulations, methods, and procedures. This means that experienced personnel who would otherwise be performing valuable functions for our Department must be diverted to such training. More importantly, experience in other regions has shown that after a contract has been awarded, the contractor begins a 'head hunting' expedition. Typically, he raids the agency * * * he is working with, luring away qualified employees. While this benefits the contractor, it severely hinders the activity of the agency since new employees must then be hired and trained."

*   *   *   *   *

> "It is likely that contractors, which generally do not have enforcement backgrounds, will not be able to conduct an effective enforcement effort. For example, in cooperation with your office, Region III and the States of Pennsylvania and Delaware, we attempted to utilize outside contractors for sulfur-in-fuel compliance inspections. It is my

> impression, from the reports I've received concerning that contract, that little or none of the material produced will be useful as evidence in an enforcement action. It is clear that any expanded reliance on contractors would result in similar problems."

In a letter to his region, the chief of Rhode Island's air program said that the use of contractors for overview inspections is "a serious mistake." He reasoned that inspections of industry should be done by government employees, because the use of contractors is not economical and such inspections are a duplication of effort. He concluded, "Our files are open to anyone, as you are aware, but I do not lend my full support to this sort of activity."

The chief of Nevada's air program wrote to EPA region IX (San Francisco) objecting to the use of contractors for many of the reasons discussed above. He said that he would continue to cooperate with EPA and the private contractor; however, he insisted "* * * that when a consultant under contract to you conducts inspections within the State they will do so at the State's convenience."

Emergency pesticide exemptions

In our report entitled "Special Pesticide Registration by the Environmental Protection Agency Should Be Improved" (CED-78-9, Jan. 9, 1978), we discussed several examples of poor coordination. Under FIFRA, EPA may grant exemptions to use suspended, canceled, or unregistered pesticides in emergency situations. Although EPA regulations provided that exemptions could be granted only to Governors or their designees, we identified seven instances in which EPA granted emergency exemptions in 1974 and 1975 without notifying the appropriate State officials.

Our report stated:

> "Although we did not note any instances where specific exemptions were granted to unauthorized organizations in 1976, this situation could recur because EPA's procedures have not been changed. Also, the exclusion of responsible State agencies from participation in the decisionmaking and monitoring of exemptions is not consistent with EPA's policy of obtaining greater State participation in its pesticide programs. Alienation of State agencies, as occurred in South Dakota and Minnesota, could adversely affect EPA State cooperation in all pesticide regulatory activities."

EPA responded that it had since taken measures to ensure that the appropriate State agency was notified. Still, the damage to EPA-State relations had been done.

Untimely publication of Louisiana's revised SIP

In compliance with an EPA requirement, Louisiana submitted a revised SIP on December 9, 1977, which proposed hydrocarbon regulations and a photochemical oxidant control strategy. Over a year later on March 2, 1979, without notifying the State, EPA published the SIP as a proposed rulemaking in the Federal Register. The proposed rulemaking disapproved some of Louisiana's proposed regulations, thereby putting a number of sources into noncompliance when the rulemaking became final.

This EPA action infuriated State officials for a number of reasons. For example, by disapproving certain strategies, the EPA action changed the intent and meaning of the regulations drawn up by the State. As such, Louisiana could not enforce them as proposed. Further, EPA had the strategies in hand for over a year and, according to State officials, never objected to them. Compounding the State's anger at not being told of the changes before publication was the fact that the region published the changed strategies knowing the State would soon submit a revised SIP to comply with the 1977 CAA amendments, which would supercede the December 1977 strategies. At the State's request, the EPA region did withdraw the proposed regulation pending submission of Louisiana's SIP, but the harm to the State-EPA region relationship had already been done.

Past experiences can hurt new proposals

For several years, EPA was considering a legislative proposal to authorize a consolidation of categorical grants for environmental programs. On May 23, 1979, a bill was filed (H.R. 4213) called the "Integrated Environmental Assistance Act of 1979." Under this proposed legislation, States approved by EPA could receive one consolidated grant for two or more programs in lieu of the traditional categorical grant. States could transfer funds among the programs covered, provided that funding for any one program not be reduced below 80 percent of the Federal funds allocated in that year. As of May 1980, hearings have been held by the House Subcommittee on Health and the Environment of the Committee on Interstate and Foreign Commerce, but no further action has been taken on the bill.

When we asked lead environmental agency administrators about this proposed legislation, 56 percent favored the approach, 13 percent were unsure, and 31 percent disagreed. The greatest overall concerns were not so much the concept as they were EPA's implementation and the potential internal struggles at the State level over program funding allocations. Over one-third of those we spoke with who disagreed, did so because they were fearful of the way EPA would implement the program. These officials feared EPA would use the consolidated grant as a means to force all programs covered by the grant to fully comply with EPA requirements and policies. Even one administrator favoring the approach was very concerned about its actual implementation.

CHAPTER 3

FEDERAL REQUIREMENTS--

A BITTER PILL FOR STATES TO SWALLOW

Once a Federal environmental law is passed, the States must wait for EPA to issue regulations and guidelines before they can adopt needed enabling legislation and otherwise work toward the goals of the act. EPA, however, has rarely met the legislative deadlines for issuing regulations, thus constricting the time available to the States for program implementation and increasing the risk that other legislated milestones will not be met. Those legislated time constraints do not always take into account EPA's lengthy regulation development process. Once regulations are issued, the unique characteristics of individual States are submerged in favor of national consistency, and States must then force their programs to fit a national mold. After regulations are in effect, State officials believe their ability to perform is further constrained by various EPA controls imposed on their programs.

LATE REGULATIONS DISRUPT STATE PROGRAMS

Much criticism has been leveled at EPA for delays in promulgating regulations. Nearly all environmental programs have been affected by these delays to some extent. As a result, State program implementation has been erratic, confused, and slow; legislative deadlines have been missed and extended; and the credibility of some State programs has been hurt. However, EPA cannot possibly meet some of its legislative deadlines for developing major regulations.

The States, which are basically responsible for implementing the acts, are reluctant to react to draft or proposed EPA regulations and guidelines which could be-and have been--changed substantially in final form. On the other hand, if the issuance of final EPA regulations is delayed--as is often the case--the time periods available to the States to obtain necessary State enabling legislation, regulations, funding, and staffing are immediately compressed, and the likelihood is increased that the States will not meet legislated compliance deadlines.

Implementing CAA--tight deadlines and delay

In administering CAA one of the most critical problems recently faced by State air program directors was developing and submitting State Implementation Plans to meet the 1977 CAA requirements. Faced with extremely tight time frames for submitting these plans for approval and substantial sanctions imposed on States if the deadlines were not met, State air program directors were very concerned about the impact delayed regulations and guidelines could have on their ability to meet the deadlines. The most often cited examples of delay were the changes in the ozone standard (published as a regulation) and stack height regulations.

Change in the ozone standard

The 1977 CAA amendments and EPA regulations required the States to submit SIPs by January 1, 1979, for those areas not in attainment of a national ambient air quality standard. For the photochemical oxidants (ozone) standard, the plans had to provide for different requirements for, and various levels of, stationary and mobile source controls, depending on whether the nonattainment area was rural or urban and whether the State could demonstrate that attainment could be achieved by December 31, 1982. If a State could not demonstrate attainment of the ozone standard by that date, a 5-year extension could be granted, but more extensive controls would be required. Any change to the standard would affect the States because the attainment status of some areas would be likely to change, as would the control measures included in the SIPs.

The States knew early in 1978 that the ozone standard was likely to be changed. It was not, however, until June 22, 1978, that EPA even proposed such changes. These included (1) raising the health-related primary standard from 0.08 parts per million (ppm), not to be exceeded for more than 1 hour per year, to 0.10 ppm and (2) retaining the 0.08 ppm secondary standard.

In an August 23, 1978, memorandum, the EPA Assistant Administrator for Air, Noise, and Radiation informed EPA regional offices that it was unlikely the standard would be changed before January 1979 and that SIP development should be based on the existing (0.08 ppm) standard. The memorandum further stated, "The SIP may be revised to delete any unnecessary measures * * * when and if we promulgate the change to the standard." The standard was finally changed on February 8, 1979--over 1 month after the States were to have submitted their plans. With that change, both the primary and secondary standards were raised to 0.12 ppm.

Under normal circumstances, the time period between standard proposal and promulgation would not have a significant negative impact on the States. The States would wait for the standard to be changed and then develop regulations and strategies to meet it. In this case, however, the States did not have the luxury of waiting before developing strategies. They were under considerable pressure to submit regulations and strategies by January 1, 1979, and EPA had directed them to use the 0.08 ppm standard in developing their SIPs. With the final change in the standard, however, many areas which could not demonstrate attainment by 1982 under the old standard could now demonstrate attainment and would not be required to adopt more stringent controls. The result was that some States wasted resources developing unneeded regulations, whereas others believed the credibility of their air quality programs was hurt.

South Carolina submitted its SIP revision to EPA in December 1978. It included an automobile inspection and maintenance program and other regulations for two areas which could not demonstrate attainment of the 0.08 ppm standard by 1982. When the standard was changed, the Bureau of Air Quality Control was able to demonstrate attainment in both areas by 1982 and then went back to amend its regulations. This action, however, involved significant time and effort. The State administrative procedures law requires State regulations being passed or amended to go through extensive review by an air pollution control board, as well as public hearings. In this case these administrative procedures had to be followed twice--once for regulations passage and once for their withdrawal. According to the Bureau Chief, much time and effort was wasted by State, Federal, and metropolitan agencies, as well as private industry, in developing an I&M program which was no longer needed.

Resources were also wasted in Arkansas. Using the guidance of 0.08 ppm, EPA contracted for the development of an I&M program for the Little Rock area, which could not demonstrate attainment. When the standard was changed, the Little Rock area demonstrated attainment and the I&M program was no longer needed. Unfortunately, the EPA-contracted work had already been completed.

In addition to wasted resources, some States were very critical of the negative impact on their credibility. The director of the Alabama Division of Air Pollution Control wrote:

> "This agency was placed in a position of seeking an endorsement from the elected officials of Alabama's metropolitan areas for a mandatory automobile inspection/maintenance program while at the same time indicating that the pending

> revision to the ambient standard would eliminate the need for this requirement. Such a position did not serve to enhance these officials' or the public's perception of efforts to improve air quality."

He added:

> "There is obviously little concern for economy or efficiency if due to the unnecessary delay of promulgating this revised standard, states are required to adopt plans which will be inappropriate soon after they are developed."

Stack height regulations

State air pollution program directors told us that the delayed stack height regulations impeded the SIP preparation process. Moreover, the director of Alabama's Division of Air Pollution Control pointed out that once final regulations are issued, the States will have to reassess each new source permit and reevaluate their SIPs' adequacy.

Before the 1977 CAA amendments, major pollution sources were allowed to construct extremely tall stacks as a method to control pollution in lieu of instituting more expensive controls. While such stacks do not actually reduce emissions, they do reduce pollution concentrations near the source (the structure the stack serves, such as a factory) by dispersing them over a wide geographic area. The 1977 amendments, however, severely limited this practice. The amendments, except in narrowly defined circumstances, prohibited the use of stacks and other dispersion methods as a means to achieve clean air standards and required EPA to promulgate stack height regulations by February 8, 1978. These regulations were to establish the maximum stack height--defined as good engineering practice--which must be used for determining the emission limitations of a specific pollution source. For example, if good engineering practice for a particular source is defined as 125 feet, a source with a 500-foot stack cannot use that actual height in determining its emission limitations. Rather, it must use the 125-foot standard. As of September 1, 1979, these regulations still had not been issued in final form.

The delay in finalizing stack height regulations should not have impeded States in preparing their SIPs. Although EPA did not meet the statutory deadline for issuing the stack height regulation, the agency did provide the States with guidance to be used in its stead. According to EPA officials in the Office of Air Quality Planning and Standards, the

the States should have been aware of EPA requirements from at least July 1978, when EPA's draft technical support document for the regulations was provided to the regions. The proposed regulations issued on January 12, 1979, did not change the maximum stack height defined in that document. Officials also pointed out that even if the States had used the guidance provided by the Congress in the legislation--stack height shall not exceed 2-1/2 times the height of such source--the modeling results for emission limitations would have been much the same.

EPA is requiring each new source permit issued to adhere to good engineering practice as defined in the proposed regulations. Should the final regulations differ from those proposed, new source permits will indeed have to be reassessed. Change in the maximum stack height definition would require redeterminations of the emission limitations and perhaps change the degree of emission control needed. If emission limitations change, the States may well have to reevaluate their SIPs.

Implementing CWA--late regulations handicap program implementation

With the nearly total rewrite of water pollution legislation in 1972, EPA was faced with a mammoth regulation-writing effort. The entire program came to a virtual standstill until regulations, guidelines, and standards were developed. Although many of the delays have been corrected, EPA still has not issued regulations and guidelines for the important industrial wastewater pretreatment, and because the States well remember EPA's past regulation delay problems, they continue to be critical of its efforts.

On November 30, 1974, the EPA Construction Grants Review Group cited delays in providing guidance as one of the management problems in implementing CWA. Specifically, the group reported:

> "The Agency has not issued regulations and guidelines on construction grants in a timely manner. Without exception, they were issued later than the dates specified in law, or the dates required for a smooth transition to the new program."

In December 1975 a joint EPA-State task force reported on the prospects of further decentralization of the water pollution control program. After interviewing officials from 20 States, the task force provided its perception of their attitudes:

> "State officials almost invariably referred to the 1972-73 period as the source of many negative attitudes toward EPA which are still held today. The passage of P.L. 92-500 seemed to many to imply a lack of recognition of and confidence in State efforts to control water pollution."

* * * * *

> "This State perspective of the 1972-73 period still colors the attitude of many of the State officials who were interviewed."

In April 1976 the National Commission on Water Quality released its lengthy analysis on implementing the Federal Water Pollution Control Act Amendments of 1972. Commenting on the delayed launching of the new, enlarged Construction Grants Program, the Commission identified the multiple revisions and the sheer volume of regulations as contributors to the delays. The Commission stated, however, that perhaps the major initial delay was the virtual inactivity for 15 of the first 19 months because of the absence of final title II regulations. Commenting on the effect of those delays, the Commission reported:

> "For the first three months, obligations were prohibited; during the next 15 months, prospective grantees apparently delayed formulating project applications according to the new requirements until the final rules were known, while being assured the regulations were imminent. Some projects, proceeding under the requirements of P.L. 84-660 (the prior statute), had to be redeveloped to comply with the new Act, and there was delay in preparing and approving priority criteria and annual State priority lists."

* * * * *

> "EPA said issuance of regulations and guidance has been consistently tardy, thereby creating confusion and delay."

The Construction Grants Program was not the only CWA program affected by delayed regulations and guidance. The 1972 legislation established areawide planning requirements to address the total impact on water quality within a geographic area. An EPA March 1, 1978, report entitled "Program Strategy for Water Quality Management FY 1979-83" pointed out that the initial program was plagued with problems:

> "Policy was often developed late, had changing objectives, and confused the ongoing planning efforts. There was a belated recognition that the program was a political process, and public participation was under-emphasized. Ill-defined and shifting relationships existed between States and areawides [planning agencies] as to responsibilities. Most importantly, an overly ambitious attempt was made to cover all water quality and waste treatment problems in the initial two-year process."

The problems resulting from delayed regulations have probably not ended. General pretreatment regulations for existing and new sources of pollution were published in final form on June 26, 1978--nearly 6 years after passage of the 1972 amendments. Required pretreatment standards, on which the pretreatment program is based, will not be published for many industry categories until 1980. Moreover, the 1977 CWA amendments required EPA to publish regulations on the disposal and utilization of sludge within 1 year after enactment, but EPA estimates those regulations will be published 20 months after the statutory deadline.

Final regulations can have a significant impact if the State reacted to proposed or interim regulations which were later changed. In its March 1977 report entitled "Diffuse Source Pollution: Policy Considerations for the States," the Council of State Governments provided some insight into the impact of changing regulations:

> "* * * the Standards set and the programs proposed by EPA have been repeatedly subject to modification and repeatedly challenged in court. This has often left state and local government officials supporting a program or enforcing standards which the courts or EPA have altered or limited."

As an example of regulation change, the administrator of Wisconsin's Division of Environmental Standards told us that Wisconsin depends on timely issuance of regulations, standards, and guidelines. State law provides that no standards or restrictions can be imposed that are stricter than those established by EPA. Wisconsin used EPA proposed effluent limitations when it issued NPDES permits for its paper industry. When EPA finalized those limitations in less stringent form, the paper industry sued the State and won its case. In addition to the delays caused just for the legal disposition of the case, the administrator said that the State had to expend unplanned resources to prepare its legal defense and rewrite the permits to conform to EPA's final regulations.

Implementing FIFRA--late regulations and loss of program credibility

Most directors of State FIFRA programs cited the late publication of a restricted pesticides list as having a significant negative impact on their programs. This particular delay affected implementation of the applicator certification program and tarnished the credibility of State program staff.

Publication of a restricted-use list was the most commonly cited delay which negatively affected State programs. Over half the State pesticide officials said that the delayed issuance of the list had a significant negative impact on their programs. Pesticide applicators had to be trained and certified before they could use or even purchase any pesticide on this list. The problem occurred after the States had trained and certified applicators but then were unable to produce such a restricted-use list.

In its November 1978 report entitled "Pesticide Applicator Certification and Training: The Impact of Federal Funding Termination," the Council of State Governments reported:

> "The inability of EPA to produce a restricted products list caused friction between that agency and the states. State administrators said that EPA's instruction to proceed with certification of applicators before receipt of a restricted-use list was premature. State lead agencies were unable to convince farmers to undergo applicator training and certification based on the possibility that certain pesticides would be restricted."

The director of Regulatory and Public Service Programs for South Carolina's pesticide program told us that the delay in publishing the restricted-use list had delayed implementation of a needed program and hurt the State's credibility with the public. Specifically, he wrote in response to our questionnaire:

> "Restrictions on the use and application of pesticides is necessary and this necessity is well supported. EPA's complete disregard for deadlines has, however, made a shamble of the States proposed programs and it is doubtful if State plans can be carried out in a meaningful manner. * * * Delays and unfulfilled deadlines have eroded the excellent cooperation of the individuals regulated by the legislation."

The deputy commissioner of Minnesota's Department of Agriculture was even more critical of the situation. He stated that prompt classification of pesticides was badly needed, yet EPA has spent years developing criteria and still has not completed the job, thus stymieing compliance with the legislative intent to improve pesticide management and use.

A Utah official stated that because the list had not been developed, certified applicators began questioning the need to be certified. Wisconson's chief of pesticide use and control related that his program had lost impetus because of the lack of a restricted-use list. The chief of the Illinois Plant and Apiary Protection Bureau said:

> "Our efforts of the past 2-1/2 years were aimed at compliance with the requirements imposed by restricted use, but a list of restricted chemicals which affect the farmer (our biggest pesticide user) has not yet materialized. Our farmers have heard wolf cried once too often and are skeptical of most regulation functions in the pesticide field."

Implementing RCRA--establishing programs without regulations

At the time of our review, EPA had not published in final form any significant RCRA hazardous waste regulations. About 78 percent of the State directors responsible for implementing RCRA said that the lack of final EPA regulations negatively affected program planning. Such delays leave the States in a quandary as to what to expect as they try to get their own programs under way. Moreover, State officials point to the loss of credibility caused by such delays.

RCRA required EPA to develop the regulations for the management of hazardous waste by April 21, 1978, and to operate a hazardous waste regulatory program in those States not electing to assume responsibility for the program. As shown in table 10, however, EPA's latest estimated date for publishing all final regulations is 24 months beyond the statutory deadline.

The States have been receiving Federal grant funds to develop hazardous waste programs, but EPA has not published final guidelines to help them develop their programs. Responding to our questionnaire, the chief of the Kansas Solid Waste Program wrote:

> "The principal problem encountered by my State has been the delay by EPA in formulating the rules and regulations for subtitle C and D of RCRA. Our state passed hazardous waste legislation in 1977 in response to RCRA. As of this date, we have little guidance in formulating a program and are told that final regulations are at least one year away."

According to Wyoming's Solid Waste Management Program supervisor, the State legislature did not pass a hazardous waste bill in its last session because of a general attitude favoring fiscal constraint and the fact that without regulations no one knew the anticipated scope of the hazardous waste program.

Table 10

Promulgation of RCRA Regulations

Section of act	Months to publish final regulation: Statutory requirement	Months to publish final regulation: Actual or estimated(E)
Hazardous Waste:		
3001--Identification and listing of hazardous waste	18	42(E)
3002--Standards applicable to generators of hazardous waste	18	40
3003--Standards applicable to transporters of hazardous waste	18	40
3004--Standards applicable to owners and operators of hazardous waste treatment storage and disposal facilities	18	42(E)
3005--Permits for treatment, storage, and disposal of hazardous waste	18	42(E)
Solid waste:		
4002--State solid waste plans	18	33
4004--Criteria for sanitary landfills	12	35

Rhode Island passed a hazardous waste law in May 1978 and is in the process of phasing in hazardous waste regulations. The supervisor of Rhode Island's Solid Waste Management Program recognizes that the State faces a potential problem if its regulations are not acceptable to EPA once EPA publishes its own final regulations. He said that EPA has already proposed a new definition of hazardous waste which, if it stands, will probably require the State to go through its own regulatory process again. On the other hand, the manager of the Illinois Division of Land Pollution Control told us he is reluctant to file State enabling legislation until he is sure of the direction EPA is taking.

Under RCRA's subtitle D, EPA was to publish regulations within 1 year after enactment on the criteria to be used for distinguishing between sanitary landfills and open dumps. These criteria would be the basis for a nationwide inventory of all open dumps. State solid waste plans must provide for the closing or upgrading of those facilities included in the inventory. The criteria, however, were not published by EPA until September 13, 1979.

The delay of disposal site criteria disturbed some State officials. The Chief of the Kansas Solid Waste Program wrote:

> "We staffed to conduct the RCRA inventory of land disposal sites at the beginning of 1978. Now we are told that it will be at least 6 months before the inventory can possibly begin."

Alaska's Land Use Section supervisor stated:

> "The problems with developing the criteria for the classification of 'open dumps' have really hurt us. Our credibility with the municipal people has suffered. I fear some of them have decided the whole RCRA is a sham."

Statutory deadlines do not reflect time needed to develop regulations

While State officials have criticized EPA for issuing late regulations, EPA has not been entirely at fault. Statutory deadlines established for issuing regulations have not always taken into account the lengthy time period needed to develop major regulations.

NAS in a 1977 study on EPA decisionmaking reported that, on the average, EPA takes 25 months to publish a final regulation after the act is passed. Considering current delays in issuing major regulations in programs such as RCRA, that 25-month average is probably low. The Congress, however, has used periods of 18 months or less when establishing statutory deadlines for regulation development.

Although we did not verify the accuracy of the 25-month average, the EPA regulation development process is lengthy. (App. I provides a detailed explanation of the process.) To shorten it could require giving up some important benefits, such as outside participation. NAS noted that EPA procedures for writing standards and regulations are elaborate compared with practices in other Federal agencies but found no major flaws in the procedures. In fact, NAS gave high marks to the EPA decisionmaking process. A further indication of the soundness of the EPA process is that the White House used it as a model for the President's March 1978 executive order on improving Government regulations.

External participation is important. The length of the EPA regulation development process is due in part to its attempts to solicit outside participation. NAS pointed out that outside review and comment permit new information, new analysis, and different points of view to be brought to bear on the decisions. In three-fourths of the decisions NAS reviewed, outside comment revealed new issues that had to be resolved.

Outside participation, however, takes time. Industrial and environmental interests claim that the normal 60-day comment period is too short. State officials concurred as they pointed to the volume of regulations they must review. NAS reported that it normally takes EPA 6 months to rework a regulation after the comment period closes and to obtain clearance from the EPA steering committee (comprising senior EPA officials or their representatives).

NAS was not critical of the use of strict statutory deadlines for regulation development and discussed the merits and criticisms of such an approach. Among the supporting arguments are that strict deadlines

--force the agency to gather available information rapidly and to act on environmental problems without undue delay,

--enable the agency to resist external pressures for delay,

--reflect a policy decision by the Congress that action must be taken even if all technical information is not in hand, and

--provide a means for the Congress to set national priorities.

However, on the negative side, NAS stated that strict deadlines

--may not permit the generation, acquisition, or analysis of new scientific and technical information that might have an impact on the decisions;

--often create procedural and administrative problems for the agency, even if the information is in hand; and,

--can limit the time available for negotiation between EPA and interested parties and thus can force confrontation between affected parties and EPA.

Deadlines not only may force decisions based on inadequate information and restrict outside input into the decisionmaking process, but they can also negatively affect program implementation. In addition, deadlines can force the diversion of limited resources to lower priority matters that fall under deadlines, causing the neglect of problems for which there are no deadlines.

In its April 1976 Staff Report, the National Commission on Water Quality recognized that many of the delays associated with Federal decisions and actions involving CWA were unavoidable consequences of unrealistically short statutory deadlines. NAS described the overall impact of strict deadlines as follows:

> "The time necessary to carry out a statutory requirement such as setting a standard is difficult to predict, and Congress may occasionally establish too strict a deadline. However, the violation of a statutory deadline will not only affect the timing of that decision but will often result in delays in the whole schedule for environmental improvement envisaged in the law. Also the failure of EPA to meet statutory deadlines will make it difficult for EPA to argue for strict compliance with attainment deadlines by industry."

Moreover, statutory deadlines create expectations on the part of the States and general public. When those deadlines are not met, the programs' credibility suffers and EPA and the States are further alienated.

The past chairman, Conference of State Sanitary Engineers Committee on Water Supply, suggested that deadlines to meet act objectives should be based on a period of years after supporting regulations are issued. In this way the time period available to the States for program implementation would not be constricted by late issuance of regulations. This has been done, for example, under RCRA, which requires EPA to conduct an inventory within 1 year after issuing the regulations establishing sanitary landfill criteria. Moreover, the act provides that State solid waste plans must provide for closing open dumps within 5 years after the publication of the inventory.

INFLEXIBILITY OF EPA REGULATIONS AND GUIDELINES ARE TROUBLESOME TO STATES

Overall, State environmental officials identified the lack of flexibility in EPA regulations and guidelines as the second greatest problem they face in managing their programs. They argue that States are markedly different, yet regulations as written are insensitive to the problems, needs, resources, and basic uniqueness of the individual States. Moreover, States complained that many regulations stifle any State managerial prerogatives not only by setting objectives but also by detailing steps to achieve them.

The States do differ markedly. In a 1977 report on environmental decisionmaking, NAS described these differences:

> "There is little uniformity in either program or structure among state and local environmental programs. The political orientation of these agencies is, of course, as varied as the states themselves, ranging from environmentally progressive to environmentally indifferent. Some programs are embedded in public health departments, some are in separate air and water agencies, some are in multimedia organizations structured like EPA itself, and some are tucked into state-level superagencies with broad missions that include economic development. Some are standard executive departments, some are independent citizen boards, and some possess adjudicatory as well as executive powers."

Moreover, the basic capabilities of the States vary widely. As the EPA Administrator said in July 1978, "some are more aggressive than others and some have more adequate resources than others."

Inflexible regulations affect State programs

The States believe that EPA has not given them the flexibility to adapt their programs or unique characteristics to the national regulations. Nearly two-thirds of State environmental officials identified the inflexibility of regulations and guidelines as significantly impeding their programs.

In a June 1977 report entitled "The Environment Comes of Age," the Council of State Governments reported:

> "State officials are outspoken on the difficulty which EPA regulations cause for the creative design of programs and flexible administration of regulations. National standards and regulations cannot be applicable to the environmental, economic, and governmental peculiarities of all states. The difficulty of meshing state environmental conditions and programs with federal requirements varies according to the state involved and with the program. Even when good working relations with EPA regional offices exist, and when the differences in federal and state statutes are acknowledged, EPA's perceived rigidity in enforcing federal regulations creates hardships for state governments.
>
> "Officials in several states assert that federal insistence on adherence to federal regulations undercuts efforts to develop flexible state programs that are consistent with overall state objectives. Furthermore, where state initiatives preceded federal policies, the requirement to adhere to EPA regulations may hamper an ongoing program. In such instances, federal regulations are held to be unreal, unresponsive, unnecessary, and inflexible."

The chairman of California's Water Resources Control Board summarized many State officials' feelings when he wrote:

> "Most of the States feel that a highly effective program could be conducted with existing, or even less resources if the EPA regulations were not as detailed and as restrictive and if EPA was a little more flexible in its administration of the programs. Yet, again, they seem to be going in the opposite direction--making things more cumbersome."

Some regulations can impose costly requirements which may be unnecessary. The supervisor of Nevada's drinking water program cited the EPA requirement for daily turbidity measurements in all public water systems as an example of unrealistic standardized procedures. The supervisor pointed out that for small systems with part-time operators, daily measurements are impossible. For others, because of the nature of the water source, turbidity is not a problem and sampling for it is a highly questionable requirement.

Alaska's Air Quality Control supervisor voiced much the same criticism of new-source-performance standards for sewage sludge incinerators. He pointed out that in the entire State, only two such incinerators are in operation and only six more are planned, all of which are or will be located in small communities where landfills are not a viable alternative. The supervisor explained that the standard requires control equipment which is energy intensive and too costly for a small community to afford. Furthermore, he added that any pollution reduction would not have any impact on ambient air quality.

Some State officials do not believe EPA gives adequate attention to good existing State programs. The director of North Dakota's Solid Waste Division wrote: "EPA headquarters has continually assumed that the States are incapable of developing or administering effective environmental programs." In a later discussion, he said that EPA does not accept or recognize the fact that many States, including North Dakota, already have sound solid waste programs. The manager of Illinois' Division of Land Pollution Control echoed these thoughts when he said that Illinois has had an active solid waste program since 1970, in which the State closed all open burning dumps and conducted an inventory of landfill sites. Yet, because of EPA standardized regulations, which do not recognize that some State programs are already in place, the manager said that Illinois will have to redo its landfill inventory to meet EPA criteria.

Regulations perceived as inflexible may defeat State implementation efforts

The extent of State involvement in an environmental program could well hinge on the perceived flexibility of EPA regulations. This is especially true of the RCRA hazardous waste management section, which the Federal Government will implement only when EPA does not approve the State program. The degree of flexibility in EPA final regulations on hazardous waste management will be a key factor in several State decisions to assume responsibility for implementing that program.

EPA proposed hazardous waste management program regulations in the Federal Register on December 18, 1978, and issued final regulations on May 2, 1980. Although these regulations were still in draft stage at the time of our questionnaire, State reactions to them clearly illustrate the flexibility issue.

At least one State (Alaska) does not plan to administer and enforce the hazardous waste management program. The supervisor of Alaska's Land Use Section singled out EPA regulations and guidelines as the most significant factor contributing to the State's decision and said there is "too much effort for too little gain."

Seven other States (Hawaii, Maryland, Oregon, Pennsylvania, Virginia, West Virginia, and Wyoming) are uncertain whether they will administer and enforce a hazardous waste program. Based on the comments made by State officials from three of these States, the inflexibility of the regulations is the main issue. Oregon, for example, is basically adopting a wait and see stance before the State applies to manage the Federal hazardous waste program. Oregon's position was clearly expressed in an interoffice memorandum dated February 1, 1979, which the administrator of Oregon's Solid Waste Division provided us to show his State's thinking on the implementation of RCRA.

> "* * * The fundamental decision is whether we want to continue a generally successful hazardous waste program started in 1971, or to withdraw and let the EPA manage hazardous waste in Oregon. * * * Our concerns include EPA's tendency to become preoccupied with procedural uniformity and the heavy handed attitude sometimes portrayed by their Enforcement Branch. * * * An effective well-balanced hazardous waste management program cannot be expected to materialize out of a state program encumbered by an inflexible straight-jacket of EPA regulations."

Regulations could provide more flexibility

The consequence of writing regulations for a national audience with markedly different characteristics is that those regulations do not fit any State well. The more specific the regulations, the more troublesome the fit. As evidenced by State environmental officials' classification of inflexible regulations as the second greatest obstacle to managing their programs, the inevitable result is that few

States are satisfied. While the task of writing national regulations is admittedly not an easy one, they can be made more flexible.

The National Governors Association, in its February 1977 report, identified Federal regulations that are prescriptive in methodology rather than oriented toward results as one of "six general problems which plague intergovernmental programs." On November 21, 1978, we testified on the costs and benefits of Government regulation before the Subcommittee on Consumer of the Senate Committee on Commerce, Science, and Transportation. In that testimony, we suggested several regulatory alternatives and reforms which could lower the cost of regulation, one of which was performance-oriented regulation. Specifically, we stated:

> "Regulation which specifies a desired outcome without specifying the methods by which that outcome must be achieved, offer regulated bodies an opportunity to devise their own means of compliance, which may be less costly than one uniformly imposed technological solution."

In its December 1975 report on decentralizing the water pollution control program, the EPA-State task force concluded:

> "Headquarters guidance which is concise, is flexible and emphasizes objectives rather than procedures is more appropriate to current and future operations of the water pollution control program. Although exceptions to this general rule may be necessary in the case of highly technical guidance, it is generally preferable to risk error on the side of flexibility than on the side of rigidity and detail."

In a similar vein, State environmental officials point to the differences among States and suggest the only way to make national regulations work is to make them general. For example, a Texas solid waste official told us that EPA should provide performance standards and allow the States to meet those standards by whatever methods they choose. The director of Iowa's Chemicals and Water Quality Division suggested that EPA establish minimal guidelines for the States to follow, evaluate State performance, and take aggressive sanctions against noncomplying States.

Inflexible regulations can result from congressional direction

NAS, in its study on EPA decisionmaking, concluded that when specific criticisms of EPA decisionmaking are traced to their roots, the problems more frequently derive from the stringent directives of the environmental statutes than from faulty administrative action. NAS further stated:

> "The laws do not allow EPA unlimited discretion in achieving these goals at least cost; instead, the statutes include principles, limitations and procedural requirements that guide the exercise of EPA's authority."

The fluoride standard under SDWA is one example of a national standard issued as a regulation which cannot be equitably applied nationwide because of the congressional direction provided.

According to statements made by the Conference of State Sanitary Engineers, large water systems have not had any significant problems in complying with SWDA provisions. It is small systems (serving fewer than 1,000 people) which require much State effort and which, according to the past chairman, CSSE Committee on Water Supply, represent about 80 percent of this Nation's water systems. CSSE testified before the Congress:

> "The Safe Drinking Water Act does not permit the necessary flexibility to the Administrator or to the State to address the problems of small systems in a technical or professional manner and to use reasonableness."

In House Report No. 93-1185, which accompanied SDWA through congressional hearings, the House Committee on Interstate and Foreign Commerce stated:

> " * * * the quality of the Nation's drinking water can only be upgraded if the systems which provide water to the public are organized so as to be most cost-effective. In general, this means larger systems are to be encouraged and smaller systems discouraged. For this reason, the Committee intends that the Administrator's determination of what methods are generally available (taking cost into account) is to be based on what may reasonably be afforded by large metropolitan or regional public water systems."

> "This, of course, means that some small water systems which cannot afford the methods determined by the Administrator to be 'generally available' will be unable promptly to comply with all primary regulations. For this reason, authority to grant exemption from the effective date of the primary regulations and thus to delay the date for compliance by public water systems has been provided in section 1416. However, this period should be used to develop a regional water system which can afford to purchase and use such methods, to seek additional sources of funding such as State aid, or to develop a plan for otherwise serving the affected population after any existing inadequate system is closed."

In July 1978 CSSE explained the fluoride problem in testimony before the Senate Subcommittee on Environmental Pollution.

> "One of the more vexing problems is presented by the fluoride standard. In areas of the southeast, south and southwest some of the groundwaters contain excessive amounts of naturally occurring fluoride. These amounts exceed the maximum containment level. The principal effect of high fluoride levels is the mottling of the teeth of users of such waters which may be considered cosmetic. While there are methods to remove fluoride from the water they are expensive and difficult to manage. Basically they are impractical or infeasible for the small water system. In these areas no other water sources are reasonably available."

The problem of naturally occurring high levels of fluoride in ground water supplies may be more extensive than stated above. Similar problems, for example, were identified by drinking water officials in North Dakota and New Hampshire.

The States can give exemptions to the small water suppliers which are not meeting the fluoride standard. An exemption, however, merely means that the time is extended for complying with the standards from June 1977 to January 1981 for an individual system, or January 1983 if the system agrees to become part of a regional system. The treatment equipment must be installed by those deadlines, but the real dilemma remains. The cost-effectiveness determination will still be based on what is affordable by a large urban water supply.

The States question the benefit to be derived from meeting such a standard. They argue that no known health hazard exists with excessive fluoride concentrations and question why a national standard is mandated for discoloration of teeth, especially when the treatment cost is so high. This State argument is basically supported by an NAS study mandated by SDWA which was issued in June 1977. NAS reported that epidemiological studies where the water is naturally high in fluoride have shown no adverse effects other than dental mottling, except in rare cases. Moreover, NAS stated that sociological studies are needed to ascertain whether dental mottling is even regarded as an adverse health effect. Based on this, some States suggest that fluoride should be classified as a secondary standard (esthetic) rather than a primary health standard. In that way the State--not EPA--could determine the extent of enforcement.

REGULATIONS NOT THE ONLY CONTROLS OVER STATE PROGRAMS

While regulations are the more obvious examples of EPA controls over State programs, other more subtle control mechanisms exist which, according to State officials, also negatively affect program implementation. Both State lead agency administrators and program directors ranked the extent of controls placed on the States by EPA as the fourth most significant problem they face in managing Federal environmental programs. The State criticism arises, however, not because these controls exist, but because of their excessive detail and inflexibility.

Grant conditions specify State actions

Based on EPA headquarters guidance, EPA regions and the States enter into annual grant agreements which outline various tasks the States are to perform. Many State program directors who identified excessive EPA controls as a very great obstacle to managing their programs believe that their management prerogatives are limited by detailed grant requirements.

The strongest complaints from State officials centered around the fact that EPA funds only part of the State programs yet, through grant conditions, virtually controls the entire program. They believe they are given little freedom to structure their programs and to establish their own strategies to combat pollution. The commissioner of Kentucky's Bureau of Environmental Protection explained that the greatest problem his State faces in implementing environmental programs is that Federal grants are directed at specific tasks and do not allow the flexibility to set priorities or address problems unique to the State of Kentucky. Other State officials echoed much the same sentiments.

The chief of West Virginia's Drinking Water Division pointed out that State agencies have functions other than administering SDWA and need more opportunity to set priorities for their workloads. The State of Washington's assistant director for air programs stated that "Federal control has directed all resources to CAA requirements regardless of need or other state priorities." The chief of Arizona's Bureau of Air Quality Control likewise pointed out that although Federal funds represent only about one-third of his budget, EPA has virtually total control of the program through the grant document.

Some State air program officials described the grant procedure as a paper exercise resulting in wasted time and resources to prepare the grant document. They noted that it is not possible within the States' limited resources to perform all the tasks outlined in the grant applications. One State official noted that the current procedure amounts to "lying to the public," for the public assumes the tasks will be performed, which is not the case. Yet the States agree to perform to ensure receiving their grants.

In EPA region I, some States complained of being forced to allocate resources nearly equally for planning, monitoring, and enforcement. The chief of the Air Branch, EPA region I, agreed that this is the case and has sometimes resulted in misdirected priorities. He pointed out that program emphasis should have varied from year to year, depending on needs. He also noted that it was often impossible for the States to perform all the tasks listed in the grant document. He said, however, that while preemption of State priorities was a fact of the past, the zero-based budgeting process will help alleviate this problem. For example, in fiscal year 1979, EPA region I asked the States to set priorities and to indicate what tasks they would be able to perform at various funding levels. As in the past, EPA gave the States a list of outputs. The difference, however, is that the States were not required to indicate that they would be able to perform all the tasks, nor were they restricted in allocating resources.

Program Requirements Memorandums (PRMs)--regulations outside the rulemaking process?

In administering the Construction Grant Program, EPA issues PRMs which transmit program policy not available in existing regulations or in other policy documents. Adherence to these policy transmittals is mandatory. To the States, however, these are regulations developed and issued outside of the rulemaking process.

Water pollution program directors in four States were especially critical of PRMs. Several pointed out that the memorandums are either effective retroactively or upon issuance, which immediately stalls every project in the pipeline. But the common complaint was that PRMs carry the weight of regulations but are developed without benefit of public notice, hearings, or publication in the Federal Register. As stated by one program director, their use appears to be rulemaking without any formalized process.

By majority vote of its membership, ASIWPCA recommended that EPA define the purpose of policy statements such as PRMs and involve those responsible for implementation. Specifically, ASIWPCA in its May 1979 report stated:

> "EPA should reevaluate the concept of PRM's. They currently are used by EPA as if they had the significance and force of regulation yet they are developed internally by EPA without the thorough public review and comment that regulations receive. It is the view of the States that substantive issues should be handled through the regulation process and that PRM's should deal with non-substantive issues and be viewed strictly as guidance, with compliance discretionary."

State/EPA agreements--a good idea hurt by implementation

Well-intentioned ideas can readily go astray once forced on a widely disparate national audience. Such is the case with State/EPA agreements. Recognizing that solutions to environmental problems are frequently interrelated, these agreements would reflect decisions made by the States and EPA on environmental problems, priorities, timing of solutions, responsibilities, and allocation of resources among water pollution, drinking water, and solid waste programs.

The concept of directing program efforts to resolve water supply, solid waste, and water pollution problems on a coordinated and integrated basis certainly cannot be faulted. The concept is sound. What is faulted, at least from the State viewpoint, is that all States are forced into such an approach whether they want it or not and whether or not they are organizationally set up to develop and actually implement it.

On October 27, 1978, EPA published a concept paper which briefly explained the State/EPA agreement approach, provided preliminary regulatory language, and solicited State comments. State and interstate organizations representing most of the States provided written comments to EPA. While they generally favored the concept, many were concerned about its implementation.

CSSE, representing 48 of the 50 State water supply programs, expressed its grave concern over the "crippling effect" the proposed State/EPA agreement regulations would have on State water supply programs if promulgated. Specifically, the chairman stated:

> "The excellent progress made since 1970 in improving state water supply programs will be negated by this obvious attempt by EPA to dictate to state governments how they should manage their internal affairs. It is an action that contradicts the recent efforts to enhance EPA/State relations * * *"

The Governor of Louisiana, commenting as chairman of the National Governor's Association Subcommittee on Waste Management, generally praised the concept but added several cautionary comments:

> "First, the State-EPA agreement simply must not be allowed to generate increased red tape and paperwork requirements. This would be a waste of the very resources supposedly made more available for better management and problem-solving, and would vitiate the State initiatives supposedly encouraged. Second, the phasing of implementation of the regulation should be keyed to the existing willingness and ability of the various States to move into this mode of operation, and should be based on incentives rather than sanctions, to encourage voluntary approaches to the maximum degree. In my experience, few things change the world overnight, and most of those are catastrophies."

States criticized this approach as meddling in State internal affairs by forcing organizational changes in State government. (Of the 50 States, for example, 21 do not have water pollution, drinking water, and solid waste programs housed under the same agency.) Some feared increased paperwork, redtape, and reporting requirements. Others questioned the legal basis for these regulations and suggested that EPA should put its own house in order before imposing additional requirements on the States.

On February 27, 1979, EPA issued guidance in lieu of formal regulations on the development of fiscal year 1980 State/EPA agreements. That guidance also established several EPA policies, one of which was that the State/EPA agreement must be completed and signed before award of grants under any of the covered programs. In other words, for fiscal year 1980, States would not receive grants for the administration of water pollution, drinking water, or solid waste programs unless an agreement was signed which included all of them. That is the crux of the problem--even though this was "guidance," States were not given the opportunity to voluntarily comply. Moreover, to the States, this was simply another requirement which not only set objectives but also detailed how the States were to attain them.

CHAPTER 4

STATES PLAGUED BY STAFFING PROBLEMS, PAPERWORK REQUIREMENTS, AND UNCERTAIN FEDERAL FUNDING

The States were once willing to assume responsibility for Federal environmental programs, but times have changed. With concern over government growth and general fiscal pressure on State government, Federal regulations and requirements which impose increased costs on States will come under increased State scrutiny. Obtaining State enabling legislation and funding to carry out Federal environmental programs is becoming more difficult. State governments are concerned about continued Federal funding for programs as well as the resources they will have to commit to carry them out.

Because of comparatively low State salaries, States cannot successfully compete in the market place for professional engineers. As a result, the continuity and effectiveness of State programs are hurt by high staff turnover, vacancies unfilled for lengthy periods, and time lost while training new staff. Staffing problems are further aggravated by EPA administrative requirements, which divert limited staff from program implementation, and by the uncertainties of Federal funding. States not only do not know what their Federal grants will be when preparing their budgets, but often receive grants late. As a result, both planning and program implementation are impeded.

STATES SUPPORT ENVIRONMENTAL PROGRAMS BUT FACE RESOURCE CONSTRAINTS

Most States either intend to implement or are implementing Federal environmental programs. As reported in June 1977 by the Council of State Governments, "environmental programs are, today, as much a part of most state governments as highway departments were in the 1950s." The States, however, are not likely to greet new environmental programs with the same enthusiasm as in the past. Administrators of State lead environmental agencies foresee continued support of existing environmental programs but not to the extent experienced during the past 5 years.

State environmental emphasis leveling off

The flurry to start new environmental programs in response to Federal initiatives has ended. As typically expressed by one lead agency administrator, "we have joined the establishment and have to fit our programs and goals in with all others unlike the peak periods of enthusiasm in the early 70s."

In its March 1977 report entitled, "Diffuse Source Pollution: Policy Considerations for the States," the Council of State Governments discussed these same concerns:

> "There is a growing concern across the country about the relationship of federally funded programs and state needs, priorities, and fiscal capacity. This concern can be found in both the legislative and executive branches of state government."

* * * * *

> "The day has passed, if it ever really existed, when the carrot of federal grant incentives will be uncritically accepted as a cost-free addition to the state budget."

About 73 percent of the State lead environmental agency administrators believe that their States' environmental emphasis increased in the past 5 years, but only 47 percent believe it will increase over the next 2 years. When individual responses are compared to determine how the administrators perceive the level of emphasis will change between those time periods, 46 percent of the administrators believe that State emphasis on environmental issues over the next 2 years will be less than the previous 5 years. Moreover, 30 percent see a continuation of the same emphasis in the next 2 years than existed in the past 5.

The lead agency administrators stated that this dampening of environmental emphasis has generally resulted from a more fiscally conservative attitude throughout State government. Reasons typically cited were:

--"The 'hold-the-line' growth policy of government will minimize change" (Ga.).

--"Proposition 13 fever will impact all State programs" (Miss.).

--"The current effort is considered to be in balance when considering all other functions of State grants" (Vt.).

--"Present legislative candidates were elected on platforms dedicated to limiting general governmental growth and specific regulatory programs" (Wyo.).

--"The economy and development of activities that will produce jobs or attract industry are major social and political issues" (Mass.).

--"Public support is diminishing for all government especially regulatory programs which are perceived to have a negative economic impact" (Minn.).

Barriers to obtaining State enabling legislation

Based on questionnaire responses, States generally have had few problems enacting State enabling legislation to carry out the Federal legislation. However, the reasons cited for a general decline in environmental emphasis were also named by State program directors as major barriers to securing passage of State enabling legislation now.

Table 11 shows a consolidated State program director response (excluding RCRA) on the extent to which several factors are obstacles to enabling legislation passage. As shown, the amount of Federal funding is not nearly as much an issue in obtaining State enabling legislation as is the probability of continued Federal funding. The most critical factors are the State resources required to execute the program and State philosophical differences with the intent of the Federal legislation.

Table 11

Percentage of Program Directors Identifying Following Factors as Very Great or Substantial Obstacles to Passage of State Enabling Legislation (note a)

Factors	All programs	State program CAA	CWA	FIFRA	SDWA
	-------------(percent)-------------				
Current amount of Federal funding	16.9	11.1	26.7	17.4	10.0
Probability of continued Federal funding support	37.2	28.9	42.2	34.8	40.0
Current EPA regulations and guidelines	28.4	31.1	22.2	30.4	27.5
State philosophical differences with intent of Federal legislation	41.9	60.0	31.1	39.1	32.5
State resources required to implement and administer the program	41.3	44.4	53.3	30.4	32.5

a/Total responses: 176. The question was not asked of RCRA program directors. Four CWA program directors did not answer this question.

Note: Percentages are not additive due to multiple responses.

FIFRA legislation was in place in all 46 States we contacted, and of the 2 States which needed legislation to carry out SDWA, both expected to obtain it. Since EPA had not finalized most of the significant RCRA regulations, we did not ask State solid waste program directors any questions on needed enabling legislation. States do need legislation to meet requirements imposed by both CAA and CWA.

Of 45 State air pollution control programs, a total of 37 need new State legislation primarily in two specific areas--the automobile inspection and maintenance program and a permit fee to be charged major sources. For CWA, directors of 19 State water pollution control programs stated either that new legislation was needed or that they were unsure. The most commonly cited area was the NPDES program.

The major barriers to obtaining needed State legislation, as identified by air and water pollution control program directors, may be indicative of State governments' changing attitudes toward environmental programs. Directors of State CAA and CWA programs identified barriers such as a general resistance to regulatory programs, State fiscal and personnel constraints, implementation costs, and concerns over the adequacy and promise of continued Federal funding.

MAINTAINING STATE STAFFING LEVELS--A CONSTANT CHALLENGE

Staffing constraints have been and will continue to be a significant problem in managing State environmental programs. High vacancy rates evidence the difficulty State environmental officials have in recruiting and retaining professional engineers. Clearly, the main culprit is relatively low State salary structures, but other obstacles also exist.

As shown in table 12, State programs as of January 1, 1979, had vacancy rates ranging from 7.1 percent to 20.4 percent, or 11.7 percent overall. This vacancy problem could be even more acute now because State directors expected a 6.7 percent increase overall in authorized positions by October 1, 1979, and the main reason cited for the difficulty in filling positions still exists--low State salaries.

Table 12

Professional Positions Authorized and Filled as of January 1, 1979

Program	States providing data	Professional positions as of January 1, 1979		
		Authorized	Filled	Vacancy rate
				(percent)
CWA	43	5,088	4,544	10.7
CAA	44	3,074	2,771	9.9
SDWA	40	1,189	1,014	14.7
RCRA	46	1,137	905	20.4
FIFRA	46	580	539	7.1
Total		11,068	9,773	11.7

State salary structures are not competitive with private industry or the Federal Government, especially for the highly specialized positions required in pollution control programs. In December 1975 an EPA-State task force looking at decentralization in the water pollution control program reported:

> "Low State salaries, among other factors, have resulted in vacancy rates of 10 percent to 30 percent in perhaps half of all State programs. Although the extent of the problem varies from State to State, it was apparent to the Task Force that in the State agencies visited, staffing difficulties represented a significant obstacle to building more effective programs. Vacant positions are only one manifestation of this problem. High turnover, particularly in key positions, also can severely reduce effectiveness."

Those statements are true today across all programs we reviewed.

States are having difficulties in filling positions

A total of 82 percent of all program directors had problems filling positions on a timely basis. (See table 13.) The two most common reasons given were low State salaries and lack of qualified applicants, both of which are strongly interrelated since qualified applicants are simply not available at the salaries offered. States provided examples of annual State salaries which were $1,000 to $6,000 less than salaries offered outside of State government for entry-level professional engineers.

Table 13

Program Directors Having Difficulty Filling Positions

Program	States responding	States having difficulty Number	States having difficulty Percent	Major reasons cited State salary	Major reasons cited No qualified applicants
				-----(percent)-----	
CAA	45	41	91.1	82.9	65.9
CWA	45	41	91.1	85.4	53.7
FIFRA	46	21	45.7	57.1	33.3
RCRA	46	40	75.0	75.0	57.5
SDWA	40	39	74.4	74.4	53.8
Total	222	182	82.0		

Note: Percentages not additive due to multiple responses.

In our report entitled "Water Quality Management Planning Is Not Comprehensive and May Not Be Effective for Many Years" (CED-78-167, Dec. 11, 1978), we discussed typical problems encountered when bringing new staff on board:

> "Another related problem attributable to the short statutory timeframe for 208 [areawide] planning concerns the ability of 208 planning agencies to attract and hire qualified people. According to EPA officials in Region I, difficulties were experienced in recruiting qualified people because of lack of experience and expertise in this field. In addition, Maine's 208 program experienced complications because its wage level was low compared to private and Federal wage scales. The Pima Association of Government Officials in Tucson, Arizona, said that an adequate 208 plan could be developed but that it would take 7 months longer because they experienced problems trying to obtain staffing. According to these officials, the required expertise was not available, and it took approximately 7 months to hire the staff, train them, and begin operations. Portland, Maine, officials stated that it took 6 months to develop a project control plan, hire the staff, and get the work started with no time left for problems and interruptions. They also stated that too many things can go wrong in the technical planning aspects. For example, it took the agency a year, rather than the planned 4 months, to develop a data management system."

One inevitable result of not being able to compete successfully in the marketplace is that the State must accept less than it initially planned on. For example, the administrator of Louisiana's Solid Waste and Vector Control Unit said that he had tried to hire eight engineers for his program, but none would take the jobs at the salaries offered. By eliminating the requirement for an engineering degree, he has since been able to fill the positions. Vermont's director of Air and Solid Waste Programs told us of the difficulty he had had in filling a senior engineer position. Unable to find any qualified applicants on the civil service lists, he advertised in national trade journals. Many qualified people throughout the country expressed an interest until they learned the salary was only $14,430 a year. He filled the engineering position 14 months later after he had changed the job·description to eliminate the engineering degree requirement.

States losing experienced personnel

The problem of low salaries is not limited to hiring. As shown in tables 14 and 15, nearly all State programs have lost professional staff over the 2-year period ending December 31, 1978, especially personnel with 3 or more years experience. The most commonly cited reasons for leaving were increased salaries and benefits.

Table 14

Professional Staff Leaving State Programs during 2-Year Period Ending December 31, 1978

			Staff leaving program		
				With 3 or more years experience	
Program	States responding	States with staff losses	Total	Number	Percent
CAA	45	a/42	500	302	60.4
CWA	45	b/41	855	489	57.2
FIFRA	46	c/30	77	25	32.5
RCRA	46	38	166	94	56.6
SDWA	40	c/38	153	97	63.6
Total			1,751	1,007	57.5

a/One other State had staff losses but could not provide numbers.

b/Four other States had staff losses but could not provide numbers.

c/Two other States had staff losses but could not provide numbers.

Table 15

Most Common Reasons Cited for Staff Leaving State Programs during 2-Year Period Ending December 31, 1978

		Salary and benefits		Advancement opportunities	
Program	States with staff losses	Number	Percent	Number	Percent
CAA	43	37	86.0	14	32.6
CWA	45	40	88.9	12	26.7
FIFRA	32	19	59.4	6	18.7
RCRA	38	26	68.4	8	21.1
SDWA	40	24	60.0	6	15.0

Note: Percentages not additive because of multiple responses.

In a 1977 study performed for Georgia's Environmental Protection Division (EPD), the consultant also concluded that salary differentials are a major problem:

> "Immediate and future salary compensation is still undoubtedly a major cause of losses at all professional levels. Private industry, consulting and engineering firms, and the federal government have tended to hire the more qualified professional employee who has been trained by the EPD. The salary surveys from these sources do indicate that the major salary differentials are at the II level and above. These are the employees that are trained by the EPD for 1-2 years or more, who have become knowledgeable about the environmental programs, and are the future managerial personnel. These represent 80 percent of the resignations during the past year."

Tables 14 and 15 clearly show this situation is not unique to Georgia.

The director of Missouri's Water Pollution Control Program commented on the low salaries of entry-level engineers but added that the most critical problem is senior-level engineers. He pointed out that the maximum salary for his top engineer is $26,800 a year, but that engineer is easily worth $11,000 more on the outside. Wisconsin's director of the Bureau of Air Management said that the bureau has 10-15 vacant positions and that number will continue to grow. He said that many of skilled people are leaving for better paying jobs with the Federal Government or the private sector.

NAS, in its 1977 report entitled "Manpower for Environmental Pollution Control," described the impact that losses of experienced personnel have had on program operations:

> "Manpower aspects of pollution control are a key factor in carrying out the nation's goals for improving environmental conditions. Shortages of well-trained and experienced manpower can slow the development of control technologies, affect program administration, cause inefficient control plant operation and process failures, and boost the costs of achieving environmental controls."

Salaries not the only obstacles

Other barriers to filling positions exist in addition to State salary structures. Table 16 shows how the State program directors evaluated a listing of potential obstacles to filling positions. While State salaries are clearly the greatest overall problem, other obstacles can be significant either on a program or individual State basis.

Table 16

Percentage of Program Directors Identifying Following Factors as Very Great or Substantial Obstacles to Filling Positions on a Timely Basis (note a)

Factors	State program (No. of responses) CAA (41)	CWA (41)	FIFRA (21)	RCRA (40)	SDWA (39)
	(percent)				
State salary structure	75.6	78.0	61.9	70.0	71.8
Ceilings on authorized staff levels	39.0	29.3	42.9	32.5	51.3
Statewide freeze on all hirings	14.6	19.5	38.1	20.0	35.9
Statewide personnel reductions	4.9	7.3	23.8	12.5	23.1
State civil service procedures	48.8	56.1	38.1	35.0	17.9
Limited recruiting efforts	19.5	24.4	14.3	7.5	12.8
State residency requirements	7.3	14.6	19.0	2.5	0.0
Availability of disciplines needed	51.2	41.5	23.8	55.0	51.3
Perceived temporary nature of Federally supported positions	14.6	22.0	47.6	37.5	25.6

a/Total responses: 182.

The time needed to approve and fill positions at the State level varies among States, but it is time consuming. The acting director of Connecticut's Air Compliance Unit said that it takes 7-12 months to fill vacant positions. Massachusetts' program officials explained that it takes 5-9 months to justify and fill new State-funded positions and 3-5 months if federally funded. These ranges assume no major complications. Florida's deputy director of Water and Special Programs complained of the time necessary to follow State civil service procedures. He explained that to promote a person from within requires 6-8 weeks; to fill a position from outside the agency will add 2-3 weeks to that time frame; and to advertise nationally, 3-5 months is a reasonable time to expect. Those time frames assume the State has a competitive salary to offer. Table 17 shows, from the perspective of State lead environmental agency administrators, how many months are generally needed to approve and fill new staff positions.

Table 17

Months Needed to Approve and Fill New Staff Positions

	Approving new positions		Filling new positions	
Months needed	Number	Percent	Number	Percent
Less than 1	3	6.7	0	0.0
1-2	18	40.0	10	22.2
3-6	19	42.2	26	57.8
7-12	2	4.4	6	13.3
12-18	0	0.0	1	2.2
Indefinite	0	0.0	1	2.2
No response	3	6.7	1	2.2

Note: Percentages do not total 100 percent due to rounding.

In addition to the time involved in following State civil service procedures, the procedures themselves can create obstacles to filling positions. For example, the director of a State water pollution control program pointed out that State civil service procedures require all applicants to take a written examination, which in itself is insulting to an individual who has just received a bachelor's or a master's degree. As a result, those with less-marketable attributes are the ones who sit for the exams.

Some State officials pointed out that their State legislatures are opposed to any State program growth even if positions are totally federally funded. The administrator of Wyoming's Air Quality Division told us that for the past 2 years the State legislature has refused to approve two new federally funded positions for the air program, which has hindered the program's new source review process. According to the director of Vermont's Air and Solid Waste Programs, five federally funded air and solid waste positions were removed from his fiscal year 1979 budget by the State legislature.

A State requirement that its employees must be residents of that State can create problems. For example, the assistant director for regulations in Rhode Island cited that State's residency requirement as a significant problem which no one seems willing to change. He pointed out that his State is in the enviable position whereby it could attract engineers commuting from the two neighboring States, but he has had to turn down several good candidates because they were unwilling to move to Rhode Island.

Also directly related to State staffing problems is the amount of supporting Federal grants. If those grants do not increase each year to at least reflect increases in State salaries, the States have a new problem. For example, the director of Iowa's Air and Land Quality Division told us that over the last 5 years Iowa has had to reduce air program staff by five or six people because Federal funding remained constant while State employees received annual pay raises.

Some programs have alleviated State staffing problems

No solutions short of increasing State salaries will resolve the major barrier to recruiting and retaining staff at the State level. However, several interim solutions have worked. EPA-funded fellowships for State employees have provided incentives for staff to stay with State government, at least for the short term, despite the low salary. Moreover, EPA has also assigned EPA employees to State agencies to supplement State staff on a temporary basis.

Training funds for State agency employees

EPA has provided fellowships for State agency personnel as authorized under CAA, SDWA, and CWA. Although State officials have been supportive of such programs because they provide real benefits to State employees, Federal funding for them has been significantly reduced over the past few years.

The academic training grant programs have been beneficial. For example, the director of Mississippi's Division of Water Supply stated that EPA training funds used as scholarships for senior-year undergraduate students enabled his agency to fill positions he would not have been able to fill otherwise because of low salaries. As a condition to receiving such a scholarship, the individual agrees to work for the State for 18 months after graduation. The director pointed out that this program does not provide a long-term solution, but at least for the short term his agency has been able to attract top-quality people. The director of the Massachusetts Air and Hazardous Materials Division stated that the EPA graduate fellowship program has aided his air program immensely. Under this program, EPA pays all education costs to send State employees to graduate school. Massachusetts employees go to school on a part-time basis, usually at night. According to the director, the program has a dual benefit of training the individual and providing an incentive for the employee to stay with the State agency at least until his or her education is completed.

While academic training grants for State agency employees have aided the States, the EPA academic training budget over the past 3 fiscal years has been substantially decreased and in some cases totally eliminated. (See table 18.) For fiscal years 1979 and 1980, the budget did not provide for academic training. Rather, funding was provided by congressional action.

EPA assignees

EPA uses a variety of mechanisms to assign Federal staff to State agencies. These include the transfer of personnel under the Intergovernmental Personnel Act, assignment of staff paid for from the State's program grant, and temporary assignment of staff at EPA expense to provide technical aid to the State agency.

The director of Vermont's air pollution control program said that EPA hired a planner for his agency--paid for out of the State's annual program grant--who was a great help to the State, particularly in the recent SIP revision process. He stated that without the employee, his agency would not have submitted its SIP in a timely manner.

The former director of Massachusetts Air and Hazardous Materials Division was an EPA employee assigned to the State under the Intergovernmental Personnel Act. Under this program, Federal employees are assigned to a State agency, usually for a 2-year period. The State and Federal agencies agree on how much of the employee's salary each agency will pay. The act also provides for State agency personnel to be assigned temporarily to a Federal agency. In the case of the director, EPA regional officials said he was instrumental in significantly improving the State's air pollution control program. As further evidence of his success, the Governor appointed him commissioner of the Department of Environmental Quality Engineering, where he oversees several major environmental programs, including the air program.

Table 18

Academic Training For State Personnel: Number of Fellowships and/or Dollar Expenditures

Program	Fiscal year 1978, actual		Fiscal year 1979, actual (note a)		Fiscal year 1980, estimated (note a)	
	Number of fellowships	Dollar expenditures	Number of fellowships	Dollar expenditures	Number of fellowships	Dollar expenditures
CAA	35	b/$500,000	c/0	$ 0	c/0	$ 0
CWA	101	350,000	50	175,000	50	175,000
SDWA	32	80,000	65	160,000	110	275,000

a/EPA's budget request did not provide any money for academic training--the expenditures were due to congressional add-ons.

b/The $500,000 for air pollution fellowhips during 1978 supported a total of 126 fellows--91 non-State in addition to the 35 State fellowships.

c/No new air pollution fellowships were funded during 1978 or 1979, but previous-year fellowships were administered. Additionally, 18 traineeships at $11,000 each were issued to post-secondary institutions during both 1978 and 1979 (total of $198,000 for traineeships each year).

STAFFING PROBLEMS COMPOUNDED BY UNCERTAINTY OF FEDERAL FUNDING AND BY PAPERWORK REQUIREMENTS

Because of the problems States have in hiring and retaining staff, it is imperative that every effort be made to minimize roadblocks which could compound those problems. Such, however, has not been the case. Uncertain Federal grant amounts and late grant awards force State programs to work in a crisis atmosphere which precludes realistic planning and negatively affects program implementation. In addition, EPA reporting requirements divert staff from program operations.

Uncertain Federal funding adversely affects programs

Lead agency administrators and many State program directors identified the uncertainty of future Federal funding as a major factor adversely affecting program implementation. Less than 25 percent of State lead agency administrators are satisfied with the amount of notice they receive of Federal funding. About 60 percent of program directors and lead agency administrators believe that uncertainty about future Federal funding is a substantial or very great obstacle to program management.

In its February 1977 report entitled "Federal Roadblocks to Efficient State Government, Volume 2," the National Governors Association described the need for certainty in Federal funding.

> "The need for increased certainty of federal funding levels is a function of the relative timing of federal and state budget preparation, and the increasing lead time needed to plan effectively for public expenditures.
>
> "State budget decisions are almost uniformly made on a time sequence closely paralleling federal decisions for the same fiscal year. With five exceptions, States begin their fiscal years on July 1. This means, for example, that most Governors will submit FY 1978 budget requests to their legislatures in January 1977, at about the same time the President submits his budget to Congress. However, because the federal fiscal year begins on October 1, three months after most States', the legislature in a typical State will have completed its FY 1978 appropriations by July 1, 1977, when the Congressional appropriation cycle is only half complete.

> "Since about 25 percent of a typical state government's expenditures are from federal funds, Governors and legislatures must make decisions about three quarters of their budget in the face of uncertainty about the remaining one quarter. Furthermore, since most federal funds require a matching contribution from the State's own resources, even a minor change in federal funds causes an immediate ripple effect in the way state funds must be allocated.
>
> "A federal decision to 'cap' federal spending for a program, to shift heretofore federal costs to States, or even to step up federal support for a program involving matching funds, means that States must reallocate their own resources, often after the legislature has adjourned."

The problem is further compounded in those 21 States on biennial budgetary cycles.

The overall result is that few States know when preparing their budgets what their Federal funding support will be; they guess. In our report entitled "Fundamental Changes Are Needed in Federal Assistance to State and Local Governments" (GGD-75-75, Aug. 19, 1975), we pointed out that because of funding uncertainties, State governments are frequently confronted with short leadtimes to apply for available assistance, as well as difficulties in planning for continuation of existing programs.

Specifically, we stated:

> "Uncertainty about funding reduces the value of planning on the part of State and local governments and makes such planning more difficult. Such uncertainty makes State and local governments react to Federal assistance as it becomes available and discourages planning for the integration of Federal programs into their functions. This impact on the planning process also makes program implementation more difficult and less efficient and effective."

Moreover, we noted that the uncertainty of continued funding or the level of future funding might lead to staff terminations, and/or resignations and unrealistic or conservative planning.

Funding problems identified in 1975 still exist. State environmental officials identified the principal impacts of funding uncertainty as (1) the reluctance of State legislatures to support programs without a firm Federal commitment for future funds and (2) the obstruction of program planning.

State legislative support depends on Federal funding

State officials noted that having to go before the State legislature unsure of future Federal funding levels has an enormous negative impact on their programs. As pointed out by the Council of State Governments in its 1977 report on diffuse source pollution, "yo-yo funding has bred a high degree of caution among State and local officials who are concerned about inheriting a program they cannot afford." State legislatures are reluctant to approve resources or to allow increases in staff without a solid commitment of future Federal funds. The problem is more acute in the pesticides, solid waste, and drinking water programs, probably because the air and water pollution programs have been around long enough to establish a track record of funding continuity.

In some cases, State program directors provide extremely low estimates of Federal funding support to minimize chances of any shortfall. For example, the director of Nevada's safe drinking water program said that his agency experienced much opposition from the State legislature when seeking program primacy because the program had no record of Federal funding continuity. Because of the legislators' concern, the director admitted he is overly conservative in estimating Federal funds in his budget. And because he is authorized to spend only the amounts of State and Federal funding approved in the budget, any Federal funds received in excess of the amount budgeted are used to reduce the State's share rather than expand the program.

Some State program officials pointed out that not knowing the level of Federal funding support hurts their relationship with the State legislature. The director of the Texas Division of Agriculture and Environmental Sciences submits his budget long before he has any idea of what the Federal funding will be. In August 1978, for example, he submitted his budget information for fiscal years 1980 and 1981. He said that because he has no idea as to the level of future Federal funds, he can make no realistic projection, making it extremely difficult to justify the program to the State legislature. Similar examples were provided by the directors of pesticide programs in South Dakota, Wisconsin, and Minnesota.

Staffing authorizations can be at stake if Federal funding levels are not known. For example, the directors of Hawaii's and Kentucky's solid waste programs maintain that the uncertainty of future Federal funding levels makes it difficult to get positions authorized because the State legislatures will not authorize positions without assurances of adequate future funding. Moreover, Mississippi's director, Division of Solid Waste Management and Vector Control, told us that the State legislature refused two needed positions because of the uncertainty of continued Federal funding.

Program planning impeded

Program planning is a requisite for maximizing program effectiveness and should at least allow for efficient use of available resources, improved managerial control, and establishment of goals and objectives which provide a means for evaluating staff and agency performance. While program planning is a cornerstone of implementing any program, State officials believe it is noticeably absent in environmental programs.

State program directors and administrators alike said the uncertainty of future Federal funding levels precludes effective program planning. For example, the director of Mississippi's Division of Solid Waste Management and Vector Control said that he must administer the RCRA program on a year-to-year basis because funding uncertainty precludes long-range planning. The acting director of Minnesota's Division of Water Quality said that funding uncertainty is the principal problem his agency faces. He wrote:

> "The funds made available under Section 208 have come to the state in an unpredictable manner. This caused an unrest among the staff and has made it very difficult to plan work for which contracts must be negotiated."

The greatest negative impact, however, appears to be in the CWA Construction Grants Program.

Historically, construction grant funding has fluctuated greatly, causing much disruption in State programs. The 1972 amendments to the Federal Water Pollution Control Act authorized $5, $6, and $7 billion for the program to be appropriated for fiscal years 1973, 1974, and 1975, respectively. However, because of a legislated change in the allocation formula and an illegal Presidental impoundment of $3 billion of those first-year funds, State programs were disrupted. The impact was described in the April 1976 Staff Report to the National Commission on Water Quality:

> "Thirty-one of fifty-four states and territories received less in 1973 allotments than for 1972, and in some instances--Alabama, Georgia, Kentucky, Mississippi, North Carolina, South Carolina, Arkansas, Louisiana, New Mexico, Texas, Oklahoma, Kansas, Colorado, Montana, North Dakota, South Dakota, Utah, Wyoming and Arizona, for example--the reductions were substantial, i.e., 50 percent or more. * * * Considerable disruption faced these states."

The funding since 1976 has not provided State officials much certainty about future funding levels.

ASIWPCA, by majority vote of its membership, recommended to the Congress in May 1979 that construction grant funding should be appropriated at least 1 year in advance to alleviate that uncertainty. Specifically, ASIWPCA described the overall impact of uncertain funding levels in the program as follows:

> "Failure to appropriate funds in a timely manner and practicable amounts results in increased costs because of construction delay, interferes significantly with state and regional implementation of Section 208 plans, and erodes the confidence of local elected officials and environmental organizations regarding our Nation's commitment to clean water. Cyclic or erratic funding of construction grants is not conductive to rational construction grants program management. This creates inefficiencies in the grants processing procedures, creates staff uncertainty and instability, causes indecisiveness among local government officials and artificially escalates the cost of construction due to cycles in contract awards."

Multiple year or advanced appropriations have been recommended by us as well as many other organizations, including the National Governor's Association and the Advisory Commission on Intergovernmental Relations.

The Council of Environmental Quality in its 1977 annual report stated that the long-term assurance of construction grant funding is essential. Pointing out that it takes 2 to 3 years to move a project through planning and design into construction, the Council reported that "interrupted Federal funding disrupts State and local government planning and budgets." The importance of that long-term assurance of funding was described by several State officials.

Rhode Island's assistant director for regulations said that his State has had to segment projects due to inadequate funds available to assist municipalities. In order to plan for future project segments, it becomes crucial to know in advance what future funding levels will be. The assistant director added, however, that CWA has authorized $5 billion in fiscal year 1980 and others have proposed $2 billion, which means Rhode Island's allocation could be anywhere from $10 million to $25 million in construction grant funds. He asked, "How do you plan?"

The State Management Assistance Grant is a good example of the need for assured future funding. This provision (section 205(g)) was included in the 1977 CWA amendments as an inducement for the States to assume more program responsibility. Under this program, States can use the greater of $400,000 or 2 percent of their annual construction grant allocations to support program administrative costs. The problem is that the funding is linked to appropriations, which vary widely. For example, the chief of Nebraska's Water Division pointed out that in fiscal year 1979 Nebraska expected a construction grant allocation of $26 to $28 million, but received only $21 million because of reduced appropriations. He added that had Nebraska received the State Management Assistance grant and staffed on the basis of funding expectations, they would have had to terminate some employees.

Arguing for advanced appropriation of construction grant funds before the Senate Subcommittee on HUD-Independen Agencies of the Committee on Appropriations on March 9, 1978 the EPA Assistant Administrator for Water and Hazardous Materials stated:

> "If the States are going to be encouraged to adopt that authority and that responsibility, they are going to need the security of future funding because they are going to be hiring personnel under that authority. If they have to wait each year to determine whether the next year's funding is going to be there--they are going to be reluctant to accept that authority."

ASIWPCA, citing the same basic reasons, recommended that the Congress change the legislation to base State Management Asistance Grant funding on amounts authorized rather than amounts appropriated.

A State agency's credibility can suffer when it cannot accurately plan on future Federal funds. For example, Vermont's environmental agency threatened a municipality with enforcement action if bonds were not issued to help finance a wastewater treatment facility. The town reluctantly passed the bond issue, and the project was included on the State's funding priority list. About a month later, after the Federal budgetary cycle was complete, Vermont discovered that its share of construction grant funding had dropped from an anticipated $25 to $17 million. As a result, the town lost its funding priority because the State did not have enough money to help construct its treatment plant.

The chief of Vermont's Environmental Engineering Division said that cases such as this would not occur if States had advance knowledge of Federal funding. He pointed out that the biggest benefit of knowing funding levels in advance is that program planning would greatly improve. As a result, the public, the Governor, and the legislature would know program objectives and therefore be able to evaluate potential program effectiveness.

Federal program grants often issued late

Implementation and effectiveness of all environmental programs have been impeded due to late issuance of annual Federal program grants. Nearly half the State environmental officials said that the timing of Federal funding is a substantial or very great obstacle to managing their programs. Annual program grants are consistently late, resulting in termination or threatened termination of State employees and delays in purchasing equipment and in filling badly needed positions.

Many State program directors commented that Federal grants are consistently received well after the Federal fiscal year has started--sometimes as long as 5 months into the fiscal year. As a result, some State programs have come dangerously close to terminating employees because Federal carryover and/or State funds were almost depleted.

The New Hampshire pesticide program, however, for one was more unfortunate. New Hampshire was forced to terminate a total of five individuals over the years because of late program grants. New Hampshire's pesticides control supervisor stated that this staff reduction caused a large negative impact on his program because of the time required to train new people. He noted that regardless of how well qualified an individual may be, it takes a long time to become familiar with pesticide regulations. According to the supervisor, EPA headquarters does not seem to understand his problem. EPA headquarters officials have asked him why he does not pay the employees with State funds until the Federal grant is issued, and he has explained that the State legislature will not allow it.

Several State program directors said that late receipts of program grants delayed filling positions because States cannot hire people with Federal funds until grants are received. For example:

--New Mexico's Water Supply Program manager stated that in fiscal year 1978 the State received its SDWA grant 3 months late. New Mexico, like most States, does not permit deficit funding, and the State could not hire people or purchase equipment until the grant was received.

--The director of Missouri's Air Quality Program told us that he was told how much his fiscal year 1979 Federal grant would be in September 1978, but the grant was not approved until late January 1979. He said the delay had a significant negative effect on the State's air program because he could not start to fill badly needed positions until the grant was actually received.

--According to the head of the Solid Waste and Vector Control Branch, North Carolina's solid waste program was to fill five positions with its fiscal year 1979 RCRA grant. The State, however, did not receive the grant until January 25, 1979, and did not complete filling the positions until March 1979--halfway through the Federal fiscal year.

--New York solid waste program officials said that late award of the RCRA program grants in both fiscal years 1978 and 1979 delayed hiring. In fiscal year 1979 the grant was not awarded until January 31, 1979, and the filling of about 22 positions was delayed by over 4 months.

EPA paperwork requirements impede program implementation

Although many State officials in all environmental programs commented on excessive EPA-required paperwork, the problem is most severe in the water pollution and solid waste programs. State officials in charge of administering CWA were especially critical of the paperwork requirements for discharging NPDES duties, whereas solid waste officials were most critical of differences in reporting requirements between EPA regions.

Oversight of CWA programs

State water pollution control officials believe their management prerogatives, especially in the NPDES program, are severely limited by excessive EPA oversight. Officials noted that every State-written NPDES permit is reviewed by EPA and is subject to EPA "override." EPA was accused of "nitpicking" State managerial decisions. As one water pollution official said "not a day" goes by that EPA does not return a permit for minor changes which have absolutely no bearing on water quality.

ASIWPCA's May 1979 report recommending improvements to the Construction Grants Program concludes that "NPDES permit delegation is actually semi-delegation." The report points out that EPA regional offices conduct nearly concurrent reviews of State-issued NPDES permits, "which approximately doubles the necessary resources" needed to do the job. Moreover, the States consider the paperwork (reporting requirements for EPA's overview of State NPDES programs) as "non-productive for State programs."

The administrator of Oregon's Water Quality Division summarized the sentiments of many States when he said: "The NPDES program has become a bureaucratic paperwork procedural jungle with no relationship to water quality * * *." The chief of Mississippi's Water Division noted that up until 1978 the States were required to prepare four- to five-page fact sheets on major facilities given NPDES permits. He found the requirement reasonable because it provided EPA and the public data on major polluters. However, in 1978 States were required to prepare fact sheets on all facilities being permitted. The official believes this is totally unrealistic. The director of North Dakota's Water Supply and Pollution Control Division noted that copies of all NPDES permits issued by his division are sent to the EPA regional Office, yet EPA still requires the State to provide quarterly reports on the permits.

In its May 1979 report, ASIWPCA made several recommendations for reducing paperwork requirements imposed on the States and commented specifically on monitoring reports as follows:

> "The quantity of repetitive information necessary to document plant adequacy and continuing performance level is far in excess of that required to ascertain compliance or to communicate compliance status. The present forms and system are designed and developed to provide oversight information to USEPA which one would expect from an unreliable contractor - not a partner capable of equally valid professional judgements."

Water pollution control officials in one State pointe out that EPA controls not only the NPDES program but all programs under the CWA. They stated that EPA reviews virtually everything the State does, resulting in an expensive double layer of administration. As one State water pollution official wrote:

> "I believe that many State water pollution control agencies have matured sufficiently to run the programs on their own entirely. An annual audit should be sufficient to determine whether the State should continue to administer a program or be relieved of the delegated responsibilities."

This official suggested that EPA experiment with a 3-to-5-yea block grant to States and let them totally administer the program. Periodic audits by EPA would determine whether the States should be allowed to continue administering the program. The chief of another State's water program concurs. He believes once a function has been delegated to a State, EPA's role should be to periodically review State performance and provide technical help as necessary.

Solid waste programs

The chief of the Montana Solid Waste Management Bureau stated that his biggest concern is that EPA is federalizing Montana's solid waste program. He commented:

> "Our division director sees us moving in the same direction as the air and water programs, which have virtually come to a standstill because of EPA red tape and excessive intervention. We have had a very active solid waste program in this State which has accomplished a great deal in the past 10 years. During that time, we have had a very fine working relationship with our EPA Regional office. Due to the increased manpower they now have because of RCRA we find ourselves devoting most of our time answering requests, formulating five year plans working out so called State, EPA agreements which

> turn out to be EPA mandates. Instead of getting out in the field working with the counties and cities solving the solid waste problems we're now confined to the office formulating plans that mainly gather dust."

The New York and West Virginia solid waste program directors criticized as excessive the reporting requirements of EPA Regions II and III. West Virginia must document the time it takes to perform various tasks, including permitting facilities, conducting inspections, closing dumps, etc. New York's grant agreement requires that the State submit quarterly progress reports detailing the time required in man-months for each inspection conducted and each enforcement action taken. For each new permit issued, New York must report the time required in man-months for (1) facility technical assistance, (2) application evaluation, (3) site inspection, and (4) final issuance. The Solid Waste Branch chiefs in EPA regions I (Boston) and IV (Atlanta) told us they do not require such detail from the States within their regions. The chief of EPA region I's Solid Waste Branch said that to effectively use the data, the regional office would need a sophisticated information system, which at the time had not been developed.

CHAPTER 5

CONCLUSIONS AND RECOMMENDATIONS

Overall, the EPA-State partnership envisioned by the Congress has not materialized. The causes of the poor relationship between the States and EPA are many and varied, but the message from State environmental officials is loud and clear--the EPA-State partnership needs help.

State environmental officials for the most part have a good working relationship with EPA regional office staffs. State officials generally believe that regional staffs understand their problems and attempt to assist them in meeting environmental objectives. Where conflicts do arise with regions, they usually result from disputes over EPA oversight activities or failure of regional people to communicate with the States before taking some action within the State.

In direct contrast to the relationship with EPA regions, State officials characterize headquarters officials as inexperienced and having no conception of the impact their decisions have on State programs. They believe that headquarters neither understands the real workings of environmental programs nor appreciates the obstacles States face, both individually and collectively, when trying to implement EPA directives. Moreover, State officials believe that EPA headquarters simply does not trust the States, based on the fact that EPA maintains virtually total control over its programs through regulations, guidelines, and grant conditions. The States' criticism, however, arises not because these controls exist, but rather because they are often delayed, inflexible, and too detailed.

EPA has rarely met statutory deadlines for issuing major regulations, but it is not entirely at fault. In some cases, the Congress, in establishing statutory deadlines, has not always recognized EPA's lengthy regulation development process. To State officials, however, the reasons for the delays are not the real concern. The issue is the simple fact that regulations are delayed. Late issuance in turn delays program implementation and, from the State viewpoint, breeds confusion and hurts program credibility.

Numerous studies and EPA testimony have pointed out marked differences between individual States. Yet, States claim EPA regulations generally treat all States the same and require individual States to force themselves into an ill-fitting national mold. State initiatives and managerial prerogatives are stifled, and costs for environmental controls are often increased.

In addition to regulations, other mechanisms exist which impede program operations by imposing Federal requirements on State programs. Again, the criticism is of the detail and inflexibility of these requirements as they exist in grant conditions, guidance memorandums, and guidelines.

On the State side of the coin, staffing constraints are a fact of life. State vacancy and turnover rates are high because State program managers find it difficult to recruit and retain employees. Of particular concern is that most of those leaving State programs to take jobs elsewhere have 3 of more years experience. These are the trained, knowledgeable people who would have been potential State program managers. When they leave, the continuity and effectiveness of State programs are impaired.

Although other contributing factors exist, the root cause of these staffing problems across all programs is clearly low State salaries. State salary structures are not competitive with salaries offered by private industry and the Federal Government. Moreover, in the current climate of fiscal restraint and anti-governmental growth, the disparity in salaries is not likely to change.

While the Federal Government can do little to improve State salaries, it has offered benefits to supplement them and make State employment more attractive. Under the various environmental acts, for example, State employees can be given fellowships and scholarships which, at least for the short run, provide an incentive to remain in State employment. Federal funding for these programs, however, has been drastically cut in recent years. EPA has alleviated the problems of staff vacancies somewhat by using various mechanisms to temporarily assign EPA employees to State agencies.

Existing staffing problems are magnified by delayed and uncertain funding as well as by EPA paperwork or reporting requirements. Funding uncertainties preclude effective planning for staff utilization and erode State legislative support for environmental programs. Moreover, reporting or other paperwork requirements dilute already limited staff by diverting employees from program operations.

The common thread interwoven throughout these various managerial obstacles is the strongly held conviction of State environmental officials that EPA does not involve them directly in the decisionmaking processes which govern their programs. As justification for greater State input into these processes, State officials point to EPA regulations and guidelines which negatively affect State programs by making unreasonable demands on State resources. As a result of not having that input, State environmental officials believe they are the forgotten partners and are skeptical of new EPA initiatives. That attitude, left unchecked, could have significant ramifications for the EPA-State partnership. It is those same officials who must defend the programs and justify the resources and enabling legislation to carry them out at the State level.

Although State environmental programs are in place, the days are gone when environmental programs could ride the wave of popular support. Now, like other State programs, environmental programs must justify their position within State priorities and come to grips with major concerns over government growth and fiscal restraint. States are concerned about the State resources needed to carry out Federal environmental programs as well as the uncertain prospects of continued Federal funding. Moreover, the time is coming, if it has not already arrived, when States may refuse to take on Federal environmental programs if the regulations do not provide necessary flexibility and Federal funding is inadequate.

No easy solutions exist to resolve years of accumulated State frustration, distrust and skepticism. Any solutions will require a concerted effort by both EPA and the States to make the partnership work by providing good communication and interaction between the partners. The States must be made to feel that they are equal partners and are directly involved in the decisions which affect their programs.

RECOMMENDATIONS

We recommend that the Administrator, EPA, establish as a high priority in the agency, in conjunction with State representatives, a formal program to improve the EPA-State partnership, including:

- --Establishing procedures to ensure that early State agency input is solicited and considered before any action is taken having a direct bearing on State program implementation.

- --Establishing joint EPA-State committees for each program to review its various aspects, identify implementation problems, and advise the EPA Administrator.

AGENCY COMMENTS AND OUR EVALUATION

In commenting on our draft report, EPA, in a letter dated May 14, 1980 (see app. II), agreed that it is a valid presentation of State perceptions, but said that it lacked balance since only State officials were surveyed. EPA also noted that the report reflects perceptions based on past events rather than more recent ongoing efforts by the States and EPA.

We agree that the report presents primarily State perceptions, but for a good reason. Since the States are generally responsible for implementing these programs, we believe an understanding of the managerial obstacles they face is critical to improving overall program administration. We do not agree that the report lacks balance. In every instance where States identified program constraints, we confirmed their validity. Moreover, while we agree that these State perceptions are the result of years of accumulated frustration, they continue to cloud EPA-State relationships.

EPA stated that development of realistic State/EPA agreements is a high priority within the agency and is intended to clarify EPA and State roles in actual program implementation. We agree that the agreements are a good idea, but we do not believe they are a panacea for all the problems this report addresses. Also, as we have pointed out, some States say that the way the agreement process was implemented is actually hurting the overall concept.

On our recommendation to establish a formal program of consultation with State representatives, EPA stated it is in the process of getting States more directly involved early in the regulation development process. This is a step in the right direction, but the concept should not stop there. The States should also be involved in other matters, such as policy and program guideline development, which also affect State implementation of Federal programs.

EPA disagrees with our recommendation to establish advisory committees for each program, because it is attempting to bring environmental programs together. Moreover, EPA pointed out that in response to the Federal Advisory Committee Act, Public Law 92-463, 86 Stat. 770 (1972), and the Office of Management and Budget, it now maintains only seven advisory committees, four of which are statutory. EPA stated that the establishment of additional advisory committees to the extent the recommendation seems to contemplate would result in a proliferation of advising committee activity beyond the limit contemplated by the Congress in the Federal Advisory Committee Act.

While we do not disagree with EPA's focusing on an integrated approach to environmental programs, we cannot overlook the fact that EPA guidelines, regulations, and policies are program specific and that EPA itself and most States are organized on a programmatic, not a functional, basis.

Also, we do not agree that our recommendation is not in accordance with the Federal Advisory Committee Act. The intent of the Act was to restrict the proliferation of advisory committees in areas where they would not be effective and to establish standards and uniform procedures to govern the establishment, operations, administration, and duration of advisory committees. However, neither the Act nor the Office of Management and Budget specifically limits the number of committees EPA could form. Given the problems identified in this report and the recognized need for State involvement in environmental decisionmaking, we believe the advisory committees are essential. We also believe that in establishing the needed advisory committees, EPA can establish uniform procedures to ensure that committee activities are directed to areas where they would provide much needed State input and would be effective. Moreover, since some programs are under the guidance of the same EPA operating officials, EPA may determine that fewer than five advisory committees would be sufficient.

On flexibility, EPA pointed out that it is impossible to write standards and regulations for national health protection and accommodate all regional and State differences. We agree that this is a problem, but we also note that the use of advisory committees would provide an excellent forum for considering these differences.

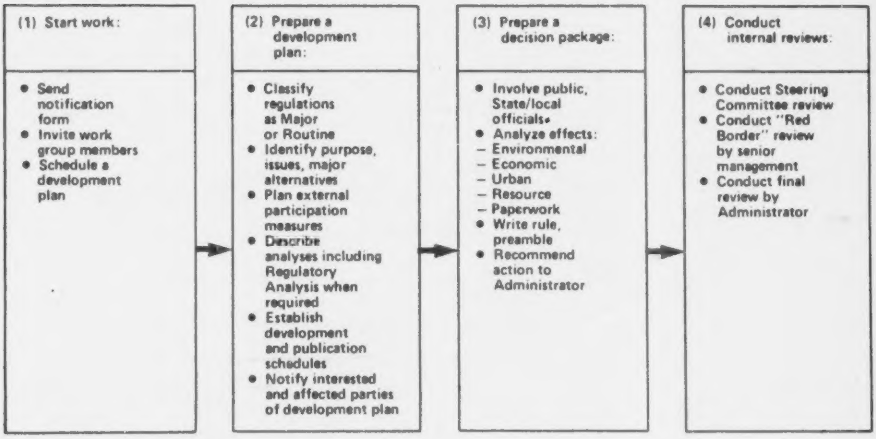
EPA agreed that State salary structures are a definite impediment to attracting and retaining high-quality professionals and stated its position that the States must take the initiative to justify and document salary adjustments. EPA also provided several technical changes to the report, which we made where applicable.

EPA PROCEDURES FOR DEVELOPING REGULATIONS

A typical regulation is developed in a four-stage process: (1) starting work on a regulation, (2) preparing a development plan, (3) preparing a decision package, and (4) conducting a three-part internal review before publication. (See figure 2.) Each regulation goes through the third and fourth stages twice, first as a proposal and again in final form. The following process describes the steps in the EPA manual on decision making now being developed.

FIGURE 2

STAT STAGES IN THE DEVELOPMENT OF SIGNIFICANT EPA REGULATIONS


(1) Start work:
• Send notification form
• Invite work group members
• Schedule a development plan
(2) Prepare a development plan:
• Classify regulations as Major or Routine
• Identify purpose, issues, major alternatives
• Plan external participation measures
• Describe analyses including Regulatory Analysis when required
• Establish development and publication schedules
• Notify interested and affected parties of development plan
(3) Prepare a decision package:
• Involve public, State/local officials•
• Analyze effects:
– Environmental
– Economic
– Urban
– Resource
– Paperwork
• Write rule, preamble
• Recommend action to Administrator
(4) Conduct internal reviews:
• Conduct Steering Committee review
• Conduct "Red Border" review by senior management
• Conduct final review by Administrator

SOURCE: ENVIROMENTAL PROTECTION AGENCY

STARTING WORK ON A REGULATION

Regulations are generally developed in response to a congressional statute or an EPA determination of a need for new regulation. When an EPA assistant administrator for an office (the Offices of Water and Waste Management; Enforcement; Toxic Substances; or Air, Noise, and Radiation) decides to start work on a new regulation, the assistant administrator sends a notification form to senior EPA management. The notifying office is referred to as the lead office and has primary responsibility for writing the new regulation.

The notification form indicates whether the new regulation is "significant." It invites interested offices to assign personnel as work group members. A work group consists of representatives from the major media offices; EPA regional offices; and the Offices of General Counsel, Legislation, Planning and Management, and Research and Development. In addition, representatives from the Offices of International Activities, Civil Rights, Federal Activities, Land Use Coordination, and Public Awareness may serve on work groups.

The notification form sets a date for submitting a development plan to the steering committee, which oversees the mechanics of the process and conducts the first internal review of materials prepared by the lead office.

PREPARING A DEVELOPMENT PLAN

The assistant administrator for the lead office appoints a chairperson for the work group assigned to work on significant regulations. The EPA office wishing to write the new regulation cannot officially begin drafting the new rule until the EPA Administrator has received the development plan. The lead office request for clearance must include a development plan, which is put together with the advice and assistance of the work group. The initial clearance is intended both to prevent unnecessary Federal regulation and to guard against plans that do not adequately involve interested groups in decisionmaking.

An early step in this process is deciding whether the significant regulation falls into the "routine" or "major" class. Development plans for routine regulations are approved by the lead office and reviewed by the steering committee before substantial work begins. Development plans for major regulations must also pass through a "red border" review (an internal review by all assistant administrators, General Counsel, and chief staff office directors), with heads of EPA's 10 regional offices also having an opportunity to comment. The plans must receive the Administrator's approval before substantial work begins.

A development plan includes an extensive list of items:

--A brief description of the possible need to regulate and the consequences of not regulating.

--A timetable with target dates for identifying and notifying interested outside parties, completion of the initial draft, internal and external review of drafts, award and completion of contract work, any required progress reports, steering committee review, publication of the proposed regulation, end of the public comments period, and promulgation of the final regulation.

--The text of a Federal Register notice that describes the purpose of the proposed action, the development schedule, the issues that must be resolved, the alternatives to be considered, the special analyses that will be conducted, the plan to obtain external participation, the name and location of an appropriate EPA contact person, and an invitation for comments and solicitation for submission of needed information.

--A determination on whether the significant regulation is routine or major.

--A list of issues to be resolved.

--A summary of the major options that will be evaluated, including a discussion of whether alternatives or supplements to direct regulation are feasible.

--A list of any normally required materials that the work group expects to omit from the decision package, with a brief explanation.

--A list of offices within EPA whose expertise and assistance will be needed and a plan for coordination with EPA regional offices.

--A plan to involve those parties outside EPA, indicating how persons interested in and affected by the regulation will be identified, notified, and brought into the process.

--An estimate of EPA money and personnel needed to develop the regulation.

PREPARATION OF A DECISION PACKAGE

After the development plan is completed and the Administrator authorizes work on the new rule, the work group begins analyzing alternatives, assembling support materials, and writing the preamble and regulation. These items make up the decision package. While members of the work group may write portions of the document, the work group chairperson has overall responsibility for regulation drafting and is accountable to lead office superiors who provide guidance on the substance, procedures, and policy of the regulation.

The decision package contains the following items:

--An action memorandum: A brief summary of the regulation, including a description of alternatives considered (with a summary of incremental environmental and economic effects, where feasible); environmental, economic, and resource impacts; unresolved issues; anticipated public reactions; recommended action; and a summary of why the recommended alternative is the least burdensome way to accomplish environmental goals.

--Federal Register documents: A preamble written in plain English that describes the facts and rationale for the decision to regulate, how the regulation fits into the larger regulatory program, and how the recommended action is the least burdensome way to accomplish environmental goals.

--Analyses: Support documents that identify and quantify the regulation's environmental effects, economic impacts, energy impacts, technical feasibility, anticipated barriers to implementation, alternatives and supplements to direct regulation, urban and community impact, and operating assumptions EPA has made when the impacts cannot be determined exactly.

- --Resource requirement summary: A summary of money and personnel that EPA and State and local governments will need to implement the regulation.

- --Reporting impacts statement: Details of the impacts of reporting and recordkeeping on those subject to the regulation.

- --Public participation summary: Comments from other Federal agencies and State and local governments and EPA's response to each major comment.

- --Evaluation plan: A plan and schedule for subsequent evaluation of the regulation's effects.

The working group maintains a documentary file in the course of rulemaking to facilitate compilation of the formal administrative record if the regulation is challenged in the courts.

CONDUCTING INTERNAL REVIEWS

After the lead office assistant administrator approves the decision package, it enters prepublication review. This process has three parts: steering committee review, red border review, and final review by the Administrator.

The steering committee reviews all significant regulations to help resolve any issues on which the work group does not reach consensus and to make sure the decision package meets standards of completeness, quality, and comprehensibility. When the steering committee resolves a major issue, it identifies for senior management the nature of the issue and the resolution reached.

The red border review involves all assistant administrators, General Counsel, and chief staff office directors. The EPA Administrator's review completes the EPA process for a proposed rule or standard.

The proposed rule then appears in the Federal Register, and formal comments are requested from all interested parties. Normally the public comment period is 60 days. Despite any earlier attempts to obtain the views of affected groups, this notice-and-comment device usually reveals issues that require further resolution.

At the close of the public comment period, the regulation is returned to the working group for preparation of a final rule. The work group reworks the regulation and gains steering committee, red border, and Administrator clearance. Finally, the Notice of Rulemaking is published in the Federal Register.

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

MAY 14 1980

OFFICE OF
PLANNING AND MANAGEMENT

Mr. Henry Eschwege
Director, Community and Economic
Development Division
United States General Accounting Office
Washington, D.C. 20458

Dear Mr. Eschwege:

The Environmental Protection Agency (EPA) has reviewed the General Accounting Office (GAO) draft of a proposed report entitled "Federal-State Environmental Programs Partnership - The State Perspective."

The findings in the report are valid because they are based upon subjective perceptions of "State" administrators. However, there is an obvious lack of balance in that the only group surveyed was "State" administrators. The perceptions of the State Environmental Program Administrators in general are the result of past events, ranging back to 1972, and do not reflect more recent ongoing actions and policies of both EPA and the States.

Current EPA policy places high priority on the development of realistic State/EPA Agreements in which both EPA and the States commit to specific activities. Emphasis is placed on program consolidation through the State/EPA Agreements to insure efficient management of scarce resources. EPA's FY 1981 Operating Guidance stresses this means for improving relationships with State and local governments. The policy of employing the State/EPA Agreement is intended to clarify EPA and State roles with the expectation of improving both accountability and performance. In effect, development of State/EPA Agreements by EPA's Regional Offices moves beyond the "Federal-State Environmental Programs Partnership" which your draft report describes from the State perspective.

Comments are warranted on the draft report's recommendations of improving EPA's relationship with the States by establishing a formal program of consultation with State representatives. Early solicitation of State input to environmental programs has been an evolving activity at EPA since its establishment some ten years ago. Consultation with the States during the regulation development process has generally been ad hoc with respect to the timing of the solicitation, the method of solicitation, and the issues to be considered. At present, under the leadership of the Office of Planning and Management's Standards and Regulations Evaluation Division, an improved regulations development procedure is being implemented. A highlight of that procedure is the management of the development process to insure ongoing consultation with the States as early in the process as possible, with frequent consultation on significant intergovernmental issues as the regulations are moved toward proposal in the Federal Register.

The second part of GAO recommendations is a bit disturbing. At a time when EPA is focusing on bringing environmental programs together to insure efficient management of scarce resources, GAO is recommending establishing advisory committees for each program. The effect of such an action can be expected to lead to fragmenting the consideration of issues. Also, EPA, in response to the Federal Advisory Committee Act (FACA) and OMB Circular A-63, has maintained only seven advisory committees, four of which are statutory. Establishment of additional advisory committees to the extent this recommendation seems to contemplate would result in a proliferation of advisory committee activity beyond the limit contemplated by the Congress in the FACA.

The following comments are provided for your consideration to improve the draft report's balance, accuracy, and clarity:

1. There are some limits to the extent that National programs can accomodate the individual needs of a State. For instance, the Safe Drinking Water Act requires the development of National standards which will lead to improved drinking water quality. While we attempted to consider State and Regional differences in setting these standards, it was impossible to completely factor in these differences, and, at the same time, provide equivalent health protection on a National basis.

A similar approach was applied in establishing requirements for the State program implementation regulations - minimum standards which would provide nationally consistent public health protection. In some States these minimum regulations were less severe than existing State requirements. In other States considerable strengthening was necessary to provide the minimum level of protection.

2. While we agree that the State salaries are inadequate to attract and retain high quality professionals, we feel that the States are able to rectify the situation. The cause of the State salary deficiency is usually associated with the State's civil service salary structure. We have initiated a pilot study in a few States to compare State water supply program salaries with similar private and industrial positions. The study results in these pilot States will then be used to justify and document salary adjustments to State personnel officials. A similar program in the States' wastewater programs in 1977 resulted in job and salary upgrading in several States. The point is that the States must take the lead in conducting these types of comparability studies. Without this type of commitment by the States there is little justification for the States' continued cry of an inadequate pool of professionals upon which to draw in staffing their programs.

3. In "Implementing RCRA -- establishing programs without regulations" on page 38, it is stated that at the time of the GAO review, EPA had not published in final form any significant RCRA hazardous waste regulations. We would like to point out that we have since published most of the significant Hazardous Waste regulations. They will have all been published by the end of the fiscal year. Table ten on page 39 should reflect the actual months to publish §3002 as 40 and §3003 as 40 rather than the estimated 42 months shown. The estimated months to publish §3005 is 42 rather than the estimated 36 months shown.

4. Of lesser importance are several editorial comments, as follows:

- There are some words missing from the last sentence on page 45;

  "The degree of flexibility in EPA's final ... key factor in several State decisions, etc."

- Something is missing between the last line on page 78 and the first line on page 79.
- The figures in Table 1, page 2, "Direct Grants for State Administration of Environmental Programs," were taken from EPA's FY 80 Budget Justifications. Some of the figures have changed. The estimated FY 79 figures (000 omitted) for Solid Waste is $32,190; the proposed FY 80 figures (000 omitted) for Solid Waste is $38,600. The Drinking Water figures in the same table include, in addition to the figures listed which are for public water supply grants, underground injection control grants after FY 78. The correct figures are, for FY 78 actual, $20,500 for public water supply (the difference is in carry-over funds); for FY 79 estimated, $26,400 for public water supply, and $7,600 for underground injection control; and for FY 80 proposed, $29,450 for public water supply, and $15,395 for underground injection control.

We appreciate the opportunity to comment on the draft report prior to its issuance to the Congress.

Sincerely yours,

William Drayton, Jr.
Assistant Administrator for
Planning and Management

087160

[From Congressional Quarterly, Nov. 27, 1982]

Authority, Money at Issue:

EPA, STATES DIFFER IN VIEWS OF ENVIRONMENTAL FEDERALISM

(By Joseph A. Davis)

The Reagan administration and the States have squared off and dug in their heels during negotiations this fall over who does what in the field of environmental protection—and who pays for it.

Administrator Anne M. Gorsuch of the Environmental Protection Agency (EPA) met Sept. 20 and Oct. 19 with state environmental agency heads to discuss what President Reagan's "new federalism" means for them. But so far, Gorsuch and the state officials have not even agreed on the scope of the discussion.

States have complained since the early 1970s, when Congress started passing strong environmental laws, that pollution control was primarily a state responsibility, that federal regulatory requirements were rigid and burdensome, and that the states could do a better job if Washington just gave them money and left them alone.

President Reagan came into office saying he wanted to turn environmental programs over to the states. But the administration also wants to end the federal grants that help states run their environmental programs.

Those grants—some $233.1 million in fiscal 1983—pay about half the cost of state environmental programs, according to the National Governors' Association (NGA).

SELECTED EPA GRANTS TO THE STATES FOR FISCAL 1983

State territory	Sewer construction	Water quality	Drinking water	Groundwater protection	Hazardous waste
Alabama	$27,355,000	$1,440,000	$335,300	$133,900	$824,500
Alaska	14,642,000	170,000	533,000	98,600	363,200
Arizona	16,524,000	450,000	370,400	129,000	526,600
Arkansas	16,003,000	800,000	301,200	113,600	292,400
California	174,964,000	3,200,000	1,752,800	312,600	3,709,200
Colorado	19,569,000	510,000	368,500	168,600	433,000
Connecticut	29,969,000	830,000	331,100	76,600	511,900
Delaware	11,916,000	460,000	274,500	50,200	220,400
Florida	82,577,000	1,380,000	935,700	160,900	1,267,300
Georgia	41,362,000	1,700,000	552,100	94,800	778,000
Hawaii	18,948,000	380,000	274,500	70,200	220,400
Idaho	11,916,000	430,000	314,700	66,600	220,400
Illinois	110,643,000	2,030,000	952,200	222,500	2,125,200
Indiana	58,959,000	1,130,000	(1)	150,100	1,317,300
Iowa	33,110,000	780,000	442,900	92,400	385,700
Kansas	22,082,000	570,000	356,700	268,300	367,500
Kentucky	31,135,000	790,000	328,100	121,900	736,800
Louisiana	26,892,000	910,000	451,700	306,800	1,394,000
Maine	18,691,000	610,000	274,500	64,500	220,400
Maryland	59,168,000	910,000	336,000	81,300	585,400
Massachusetts	83,060,000	1,280,000	361,900	94,700	921,700
Michigan	105,191,000	1,940,000	839,000	244,900	1,805,000
Minnesota	44,964,000	1,020,000	517,800	92,300	516,100
Mississippi	22,041,000	800,000	426,200	119,600	299,900
Missouri	67,817,000	960,000	521,500	99,200	705,000
Montana	11,916,000	380,000	312,800	97,500	220,400
Nebraska	12,513,000	620,000	288,800	87,700	220,400
Nevada	11,916,000	180,000	274,500	73,900	220,400
New Hampshire	24,446,000	380,000	274,500	58,200	220,400
New Jersey	99,970,000	1,470,000	501,900	100,000	1,474,500
New Mexico	11,916,000	320,000	290,400	172,000	220,400
New York	271,436,000	2,990,000	1,465,700	223,300	2,471,700
North Carolina	44,151,000	1,990,000	911,500	110,300	929,900
North Dakota	11,916,000	240,000	274,500	94,000	220,400
Ohio	137,721,000	2,060,000	874,800	213,500	2,401,400
Oklahoma	19,764,000	610,000	417,100	227,400	417,700
Oregon	27,636,000	880,000	(1)	84,200	534,100

SELECTED EPA GRANTS TO THE STATES FOR FISCAL 1983—Continued

State territory	Sewer construction	Water quality	Drinking water	Groundwater protection	Hazardous waste
Pennsylvania	96,906,000	2,420,000	(1)	184,800	2,407,500
Rhode Island	16,200,000	560,000	274,500	56,600	246,300
South Carolina	25,061,000	1,080,000	421,300	77,300	670,800
South Dakota	11,916,000	250,000	(1)	64,600	220,400
Tennessee	35,537,000	990,000	387,800	102,100	1,164,500
Texas	92,943,000	2,000,000	1,532,000	503,400	4,341,600
Utah	12,890,000	340,000	274,500	148,100	256,900
Vermont	11,916,000	270,000	274,500	52,500	220,400
Virginia	50,067,000	1,360,000	649,900	87,800	645,200
Washington	42,542,000	1,160,000	690,100	90,400	640,300
West Virginia	38,136,000	690,000	299,500	134,800	744,700
Wisconsin	66,137,000	1,530,000	700,400	92,500	616,100
Wyoming	11,916,000	170,000	(1)	208,900	220,400
District of Columbia	11,916,000	460,000	(1)	55,300	220,400
American Samoa	2,196,000	80,000	91,500	31,300	220,400
Guam	1,588,000	410,000	91,500	32,500	220,400
Northern Mariana Islands	1,020,000	50,000	91,500	31,300	0
Puerto Rico	31,908,000	870,000	274,500	70,300	271,900
Trust territory (excl. NMI)	3,132,000	130,000	274,500	35,800	220,400
Virgin Islands	1,274,000	400,000	91,500	38,100	220,400
Undistributed	0	0	2,911,700	0	0
Total	2,400,000,000	52,820,000	27,450,000	7,074,500	44,068,000

[1] No program delegation to this State.

Source: Environmental Protection Agency Draft Budget Allocation.

EPA GRANTS TO STATE AND LOCAL GOVERNMENTS

[In thousands of dollars]

Type of grant	1978	1979	1980	1981	1982 [1]	1983 [2]
Air quality	$66,135	[3] $130,025	$82,800	$87,673	$87,735	$84,735
Program management	66,135	80,025	82,800	87,673	87,735	84,735
Water quality	128,110	108,003	101,230	95,696	60,200	57,200
Program management	52,400	52,400	48,730	51,223	51,200	54,200
Areawide planning	59,509	41,028	37,500	33,473		
Clean lakes	16,201	14,575	15,000	11,000	9,000	3,000
Drinking water	27,110	36,270	34,745	37,598	37,848	36,424
Public water supply	20,500	26,400	29,450	29,450	29,450	27,450
Groundwater protection	6,000	7,600	4,395	6,648	6,575	7,074
Special projects	610	2,270	900	1,500	1,823	1,900
Hazardous waste	14,304	44,886	38,600	38,570	41,700	44,068
Hazardous waste		15,018	18,600	26,487	41,700	44,068
Solid waste	14,304	15,150	10,000	8,083		
Resource recovery		14,718	10,000	4,000		
Pesticides	7,280	13,052	12,393	10,972	11,202	10,703
Enforcement	5,000	9,538	8,750	8,020	8,702	8,703
Training	2,280	3,514	3,643	2,952	2,500	2,000
Toxic substances				1,000	500	
Enforcement				1,000	500	
Total	242,939	332,236	269,768	271,509	239.185	233,130

[1] 1982 figures represent budget authority.
[2] 1983 figures represent operating plan.
[3] Includes $50 million for special programs.

Source: Environmental Protection Agency.

State environmental officials are upset by the administration's effort to phase out the grants within as few as five years. But they say Gorsuch has told them the zero-grant decision is final, and that she refuses to discuss it.

Congress thus far has blocked administration attempts to phase out state grants. In approving EPA's fiscal 1983 appropriations Sept. 29, Congress declined to make the 20 percent cut in state grants that the administration had requested.

And with the 1982 election gains made by Democrats in both Congress and the states, the Reagan administration may have trouble winning new ground in its march toward a tightfisted new federalism policy.

BACKGROUND

Many of the nation's major pollution control laws establish a layered federal-state-local structure for carrying out government duties. Under the Clean Water Act of 1972 (PL 92-500), for example, the federal government sets minimum requirements for removal of pollutants from wastewater discharges and deadlines for meeting those requirements.

The states are supposed to put these requirements into effect by making them conditions for the granting of discharge permits, which are usually issued by the states. If a discharger violates the conditions of the permit, the state is supposed to take legal or administrative action to enforce them. The state must also measure, or get the discharger to measure, the level of pollution in the discharge or the receiving body of water.

While the federal law mandates that all these things be done, it allows EPA to delegate the responsibility for actually doing them to the states. Before a state can run the permit program itself, it must show EPA that it can do the job, as defined by certain guidelines. If the state fails to carry out the program, EPA can step in and run the program itself.

The law authorizes EPA to give grants to the states to carry out requirements that the law imposes on the state: Setting standards, issuing permits, monitoring and enforcement.

Early history

The state-federal environmental "partnership" that exists today did not develop overnight. Although the Clean Air Act of 1970 and the Clean Water Act of 1972 in some respects represented the peak of federal involvement in environmental law, federal and state environmental responsibility increased gradually over several decades.

Congress passed water pollution laws in 1948, 1956, 1961, 1965 and 1966, and air pollution laws in 1955, 1963, 1965, 1966 and 1967. The federal presence began as a wispy and non-coercive one, but it became progressively more muscular through increasing degrees of enforcement authority and financial support to the states.

The notion that states exercised authority over pollution control before the federal government entered the field has often been cited by states in calling for less federal and more state control. Gorsuch herself says she will "restore" the rightful state role.

But a March 1981 report of the Advisory Commission on Intergovernmental Relations says: "In fact, a more accurate assertion would be that the federal government had given to most states a function which they otherwise had chosen to ignore."

In 1963, according to testimony that year before the Senate Public Works Committee, only 15 states had comprehensive air pollution laws and no more than six actually enforced controls. State and local governments spent about $12 million a year to control air pollution, with California spending half the total.

A report by the Congressional Research Service submitted Dec. 16, 1981, to the Senate Committee on Environment and Publc Works notes that "the larger federal role may actually have resulted in greater power and authority at the state level, by having stimulated states to take on new responsibilities."

ADMINISTRATION POLICY

"I believe that far better environmental protection can be achieved if we will allow the level of government closest to the point of control enough flexibility to implement the protection program best suited to the area and the people who must live in it," Gorsuch told the Senate Environmental Committee at her confirmation hearing May 1, 1981.

"We shall restore the states to their rightful place as partners with the federal government in policymaking as well as policy implementation. Rather than ask the states to effectively enforce programs in which they have little meaningful input, we will open clear lines of communication to the governors, legislatures and state environmental agencies, so that their concerns can be considered early in the regulatory process," she promised.

EPA officials would like to see the federal role limited to overseeing how the states operate the programs and giving the states technical assistance, support and information.

Asked what specific changes they are proposing to promote greater environmental federalism, EPA officials do not go beyond a clear determination to speed the pace of formal delegations of programs to the states. Rather than snipping surgically at the thousands of small strings the states complain about, EPA wants to turn over the reins in one big handful.

The federalism program is "more of an attitude or a process than specific proposals," according to John Topping, assistant to the EPA associate administrator for policy and resource management.

EPA may supply a few more specifics at its next meeting with the state agency heads, which is scheduled for Dec. 3 in Denver. In preparation for that meeting, EPA is circulating among its own officials and those of the states a draft policy on program delegation to the states.

But if that policy remains as currently outlined, it may not be the kind of federalism the states have in mind. While EPA says it is still months away from putting the policy into final form, states fear EPA has already locked in the key points of cutting grants and speeding delegation.

State program delegation

EPA delegation of program responsibility to a state is a formal regulatory action—so formal, in fact, that a set of regulations provides ground rules for how it is done.

Most environmental laws require a state to show that its program is "equivalent" to the federal program on a number of points. First of all, it must have the legal authority to do most of the things the federal government would do in running the same program. In many cases, this means the state legislature must pass an enabling law before the state can qualify. State legislatures are noted for having their own firm ideas about how to run things, ideas that can diverge from federal law. EPA may wait years before a state passes a law making its program equivalent to the federal one.

There are other requirements: for planning, inspection, monitoring, record-keeping, enforcement, variances and other things needed to make a program work. EPA may approve a program conditionally or in part, requiring a state to upgrade some aspect of it. If EPA later finds the state failed to enforce an environmental law, it may compel the state to comply or in some cases take over the program itself.

With variations, this pattern describes the delegation process under the Clean Water Act, the Clean Air Act, the Safe Drinking Water Act, the Resource Conservation and Recovery Act dealing with solid and hazardous waste, and other environmental laws.

This process of delegation has gone on state by state, program by program, since the early 1970s as states geared up their programs to the point where EPA would approve them. While many states were eager for delegation of certain programs, EPA under previous administrations sometimes seemed reluctant to grant delegation. For other programs, especially expensive or complex ones, states showed reluctance in the face of federal eagerness to delegate.

One of the more thoroughly delegated programs is the management of federal grants for construction of sewers and sewage treatment plants. As of July 1982, 45 states and Puerto Rico had signed agreements to manage these grants.

Slightly less popular is the permit program for wastewater dischargers. States can get partial responsibility for this program, which regulates industrial, municipal and federal pollution sources. As of July 1982, EPA had delegated parts of the program to 35 states.

Under Gorsuch, EPA has moved well beyond previous administrations in delegating programs to the states. Gorsuch took credit for "substantial progress" in a Nov. 9 speech in Atlanta, Ga., at a conference on the new federalism.

EPA claims a 70 percent increase in delegation between January 1981 and October 1982. That figure is based on EPA's calculation that the overall percentge of programs delegated (an average for the eight major programs that can be delegated) stood at 33 percent in January 1981 and 56 percent in October 1982.

But three of those eight programs—involving groundwater protection and the management of solid and hazardous wastes—had scarcely begun when Reagan took office. In older programs, like the water pollution permit program, delegation tends to taper off after the first several years, becasue the remaining states either cannot or do not want to run them.

The pace of delegation also may slow when and if grants to the states are cut; indeed, some states threaten to turn programs back to EPA if their federal funding is slashed.

"Most of the easy delegations are gone," said Lewis Crampton, director of EPA's Office of Management Systems and Evaluation. "We're talking about the tough ones now."

Crampton's office this year studied how the delegation process has performed in the past. "We found bottlenecks," he said, referring to the various EPA offices that must approve the decision. "Everybody can say no, and nobody can say yes."

Crampton said efforts are now under way to streamline the process.

EPA's draft policy

EPA's new draft delegation policy, now undergoing in-house review, articulates general principles. It reiterates EPA determination to protect the envoronment, oversee state programs to make sure they are working and prevent the establishment of "pollution havens."

For example, EPA oversight of state programs, according to the draft policy, should:

Provide consistency nationwide in full and fair application of the law.

Allow EPA to report to the president and Congress the achievement and remaining needs of the programs.

Allow EPA to agree with the states on desirable federal support targets for their joint effort to meet special environmental problems.

Avoid second-guessing the states' decisions.

Focus on overall state performance rather than small errors.

Be based on objective standards and measures worked out ahead of time with the states.

Preserve EPA responsibility but exercise direct management only when the states fail to do so properly.

Work to resolve disputes among states.

Only in one area does the draft policy get specific: methods for speeding the formal delegation of programs to the states. In this area, it proposes time limits, tracking mechanisms, negotiation teams, conflict-resolution mechanisms and other procedural changes. The policy does not address state program grants.

THE STATE PERSPECTIVE

States have wanted to get the federal government off their backs since the republic began. They still do. Most of the basic environmental laws passed in the 1970s—and the regulations that implement them—require the states to take some action.

States often resent these imposed requirements—not necessarily the mandate to clean up pollution, but the procedural requirements involved in doing so.

Some environmental laws allow EPA to approve or disapprove specific state decisions such as the issuance of a permit. Congress meant these provisions to provide a kind of backstop or court of appeal that could prevent states from acting irresponsibly.

But in some cases such as the state implementation plans (SIPS) under the Clean Air Act, EPA must review almost any action taken by the state. State officials do not like what they call "second-guessing," feeling that if EPA has to make each of their decisions all over again from scratch, it might as well be running the program directly.

Whose job is pollution control? The Clean Air Act explicitly states that "the prevention and control of air pollution at its source is the primary responsibility of states and local governments." The states are firm believers in this principle, and the NGA repeated this language almost verbatim in a 1981 statement on an air act reauthorization now pending in Congress.

"The governors affirm that the states must have the primary responsibility and authority for the control and abatement of air pollution. This state authority should include both the design and implementation of air quality programs," the NGA stated.

Gorsuch has repeated most of these principles in policy statements relating not just to the air act but to all state-federal environmental programs. Yet she and the states remain far apart on what "responsibility" under federalism really means.

State officials feel that "responsibility" means more than just the obligation to act as the federal government dictates. They add the word "authority" to signify power to decide whether and how to act—especially when they must finance the effort.

Thus far, they regard with considerable caution the administration's new federalism, "Nothing has happened yet," said Brendan J. Whittaker, secretary of the Vermont Agency of Environmental Conservation.

"It's all in the talk stage, with one large exception—the formula for construction grants," Whittaker said. That program, under which the federal government grants some $2.4 billion yearly to municipalities for building sewage treatment facilities, was overhauled by Congress at Reagan's behest in 1981 to require a larger state funding share.

State program grants

Because the federal government imposes certain mandates on the states, state officials feel the federal government should help pay the costs of carrying out those mandates. Congress, in the basic environmental laws of the 1970s, recognized this principle and authorized an array of grants to the states to help them run the larger programs the laws required.

One such grant is authorized under the Clean Water Act. "A sustained level of these funds is absolutely critical to the states' continued willingness or ability to administer the programs mandated by the federal Clean Water Act," Robbie J. Savage, executive director of the Association of State and Interstate Water Pollution Control Administrators, told the Senate Appropriations Subcommittee on HUD and Independent Agencies May 25.

Gorsuch has said since at least July that grants to state environmental programs should eventually be reduced to zero. At a July 22 hearing of four House subcommittees, she said her remarks had been taken out of context, but she still believed that in the "long term" those programs should be "solely state-funded."

"What that term is, I am not prepared to predict or recommend to you at this time," Gorsuch said.

Reagan's fiscal 1983 budget called for a cut in state program grants of about 20 percent from fiscal 1982 levels. A Congressional Reserch Service (CRS) study submitted June 18 to a House Government Operations environment subcommittee said the fiscal 1983 grant request was 34 percent below actual fiscal 1981 obligations. CRS noted Reagan's total 1983 budget cut other EPA activities providing financial, technical and informational support to state and local government by 23 percent from 1981 levels.

The states lobbied hard against the fiscal 1983 budget cut. West Virginia Gov. John D. "Jay" Rockefeller IV, a Democrat who is chairman of the NGA Committee on Energy and Environment, stated the NGA position in a July 28 letter to Edward P. Boland, D-Mass., who chairs the House Appropriations Subcommittee on HUD and Independent Agencies.

"The President's request for a 20 percent funding reduction in the state management programs will have a severe impact on the states' capabilities to manage and enforce the federal laws relating to water and air quality, and solid and hazardous waste disposal," Rockefeller stated. "I want to reiterate the support of the National Governors' Association for the maintenance of fiscal year 1982 funding levels. . . ."

Congress eventually saw things the states' way. The fiscal 1983 appropriations bill (HR 6956—PL 97-272) for HUD and independent agencies (including EPA) cleared by Congress Sept. 29 contained $233.1 million for state environmental program grants. That is only a 2.5 percent decrease from the $239.1 million appropriated for fiscal 1982. Those grants had already been cut by 11.9 percent in 1982 from their 1981 level of $271.5 million.

Dialogue or dispute?

State officials give Gorsuch credit for opening up frank, direct dialogue between state and federal environmental officials at the highest level. They consider the talks a welcome change from previous administrations.

But Gorsuch is miles away from the states on the issue they feel is most important: money. At the Oct. 19 meeting, Gorsuch ruled out any discussion of grants other than how to go about reducing them 20 percent next year and eventually to zero.

"Most of the states just out and out reject the concept of zero funding of environmental grants," said Vermont environmental secretary Whittaker. Gorsuch, he said, "can't turn her back on" the grant issue as a subject for negotiations.

There is even disagreement about whether EPA and the state environmental chiefs have set up a task force to discuss grants. Whittaker says there is one and he is heading it. EPA's Crampton, however, says there is no task force on grants, at least not one that EPA is taking part in: "We have decided not to go forward together on the grants issue."

"If they really care about getting the programs implemented, then they have got to put some money up," said Anthony Cortese, commissioner of the Massachusetts Department of Environmental Quality Engineering. But Gorsuch uses the same argument in reverse, contending that if environmental programs are important to the states, they should fund them.

Cortese and other state agency heads proposed an in-depth study of what it costs to run state and federal environmental programs, as a basis for deciding who pays for what He said Gorsuch rejected the idea.

"If they were to go with the concept of zero funding and more delegation, there would be definite negative impacts on air and water quality in the United States," Cortese said. "I can't accept delegation without funds."

To measure the impact of Reagan's proposed 20 percent cut in fiscal 1983 state environmental program grants, NGA's Committee on Energy and Environment conducted a survey of state environmental officials.

The proportion of states saying they would reduce activities rather than maintain them at present levels was well above two-thirds for all but a few program activities.

"The survey suggests that in the short run most states will not be able to increase non-federal sources of funds, including state appropriations and collections from permit fee systems, to make up for the reduction in federal support," it stated. Permit fees have been proposed as a state revenue source by the administration.

Red tape reduced

If states and the EPA are at odds today in some aspects of their federalism negotiations, such conflicts were by most accounts even stronger during the Carter administration.

Many states acknowledge that the Gorsuch EPA has taken significant steps to reduce red rape and delay, lossening the reins through purely administrative changes.

One of the most commonly cited examples is speedup in EPA approval of state SIP revisions under the Clean Air Act. EPA says it inherited a backlog of SIP revisions awaiting approval that stood at 643 in August 1981. Of those, only 19 still await action. Since then, EPA received 273 new SIP revisions, of which 133 have been acted on, for a total current backlog of 159.

S. William Becker, executive secretary of the State and Territorial Air Pollution Program Administrators, said, "We think that's good. We have made strides, but more progress is needed."

Another move hailed by the states was EPA's Oct. 29 proposal to make more flexible the regulations under which states set water quality standards. That proposal would allow states to consider more fully the characteristics of specific water bodies, attainability of uses proposed for them and the cost involved.

States also praise EPA progress on the Resource Conservation and Recovery Act (RCRA), which was enacted in 1976 to govern solid and hazardous waste management but was largely unimplemented until the last months of the Carter administration.

"For years the agency was unable to come around with regulations under RCRA," said J. Leonard Ledbetter, director of Georgia's Environmental Protection Division. "Well, this administration has put them into place. At least we will get under way in managing the program instead of leaving everything in limbo."

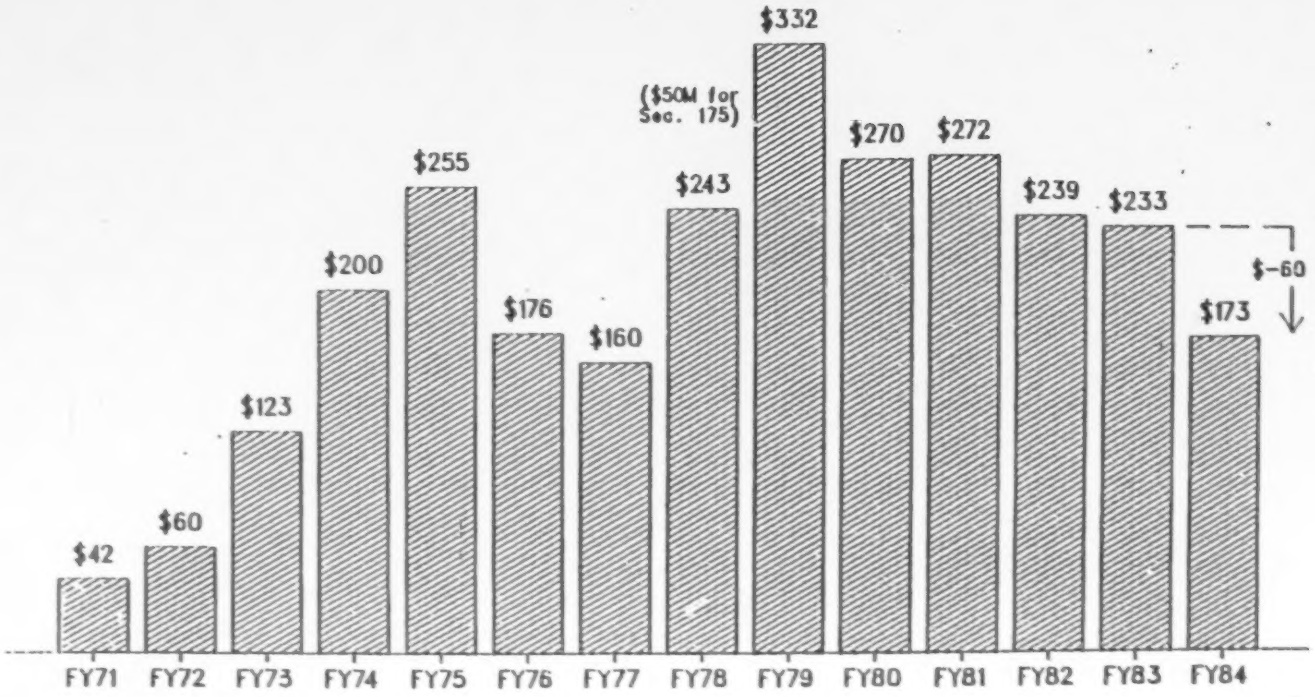
EPA's
FY 1984
BUDGET

January 31, 1983

GRANTS TO STATES

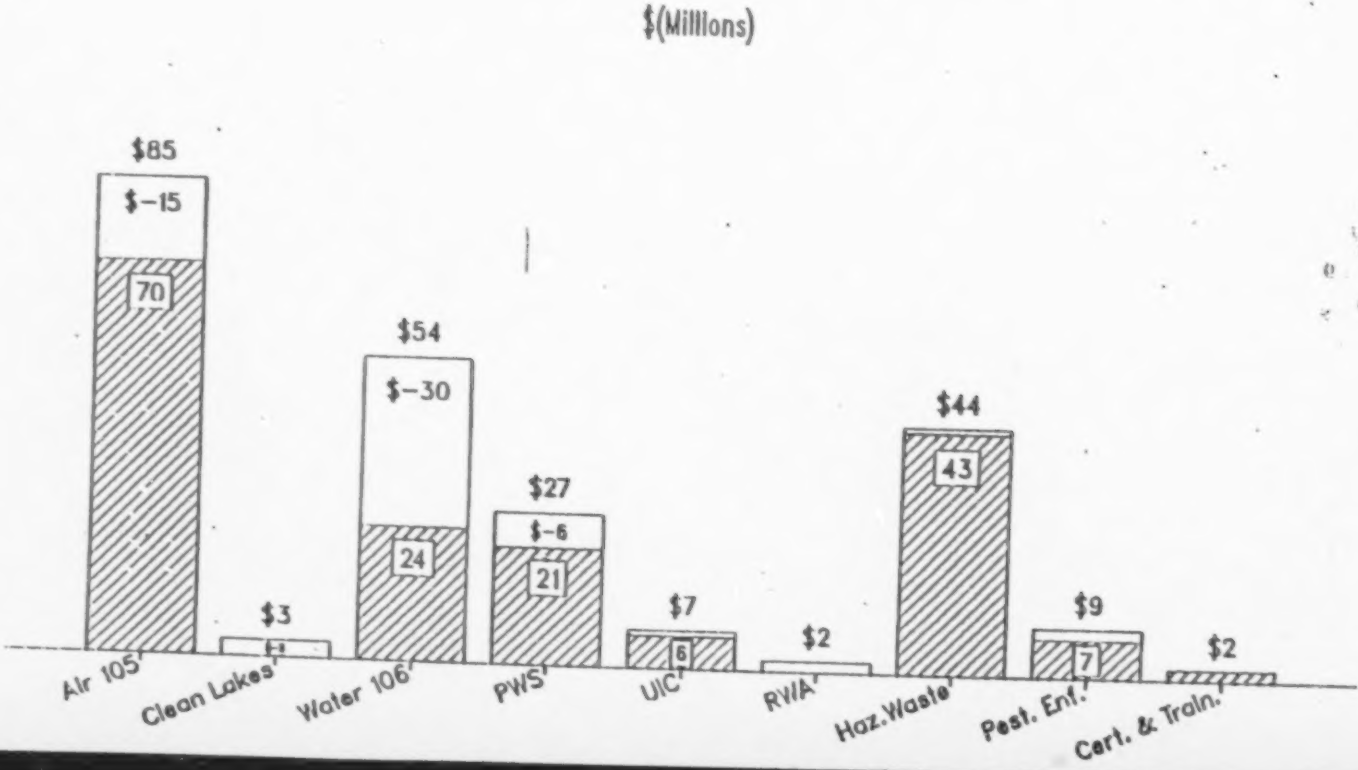
THE 1984 STATE GRANTS REQUEST REFLECTS CONTINUING EFFICIENCIES AND ALTERNATIVE FUNDING SOURCES

(State Grants In Millions)

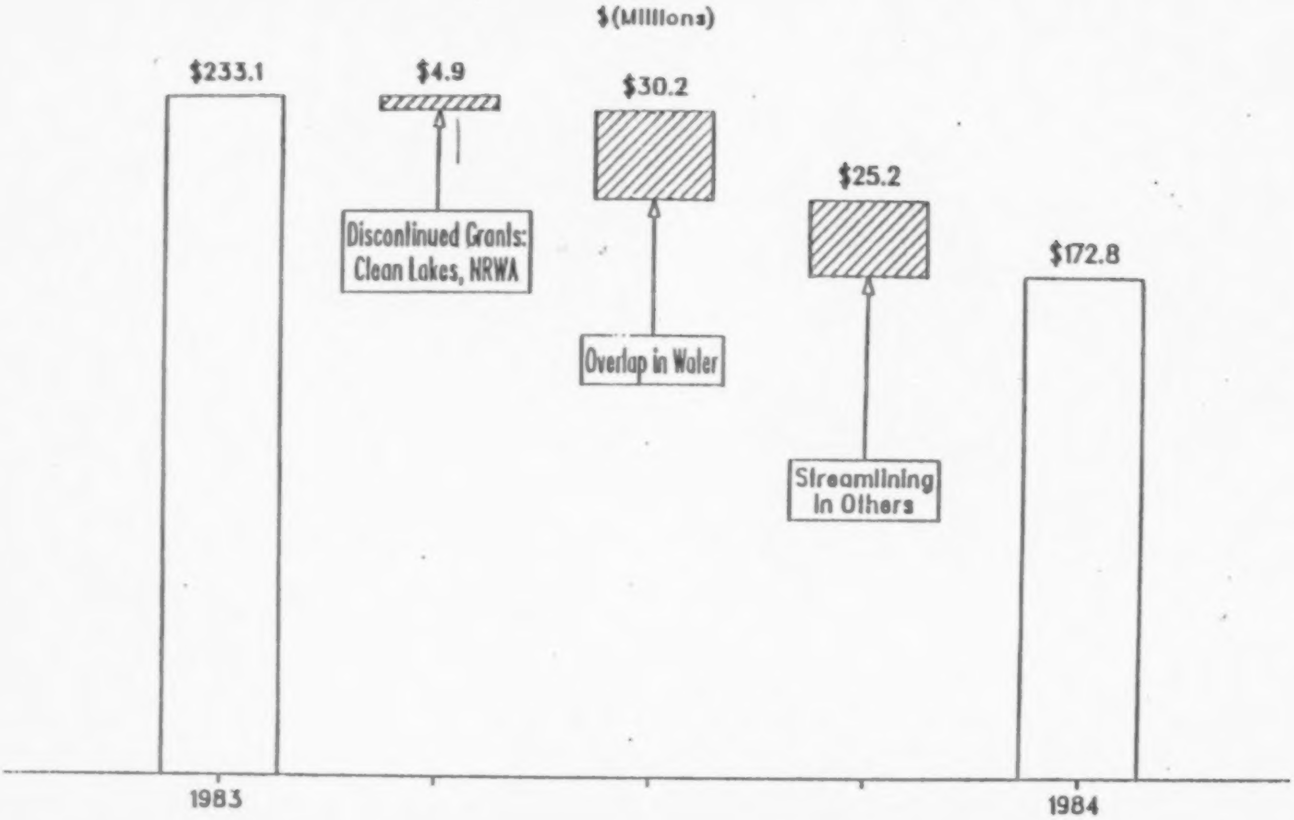


-26%

THE WATER 106 GRANT IS SUBSTANTIALLY REDUCED AND TWO GRANTS ARE DISCONTINUED



WE HAVE REDUCED GRANTS FOR THREE REASONS



THE IMPACT OF THE PROPOSED EPA BUDGET ON STATE AND LOCAL ENVIRONMENTAL PROGRAMS

MONDAY, MARCH 28, 1983

U.S. Senate,
Committee on Environment and Public Works,
Subcommittee on Toxic Substances and
Environmental Oversight,
Roseville, Minn.

OPENING STATEMENT OF HON. DAVE DURENBERGER, U.S. SENATOR FROM THE STATE OF MINNESOTA

Senator Durenberger. The hearing will come to order.

Let me introduce the two staff people who are with us today. From the Committee on Environment and Public Works, U.S. Senate. On the right, starting with the majority, is Curtis Moore who is the deputy counsel to the committee and counsel for the Subcommittee on Toxic Substances and Environmental Oversight. On my left is Anne Garrabrant who is with the minority staff. I am pleased that both of them were able to join us for this hearing.

Many of the major environmental statutes of this Nation depend heavily on a partnership between the Federal Government and the 50 States to achieve their goals and objectives. In the vast field of intergovernmental relations this environmental partnership has unique characteristics. It is unlike relations in education, transportation, health care, or other social services. I call this unique intergovernmental process "State implementation" and to understand it, divide it into five parts.

The first part is research and development—collecting the scientific information necessary to determine the impact of human activities on the environment, our own health, and the steps that we can take to mitigate the negative impacts. Research and development is a responsibility of the Federal Government. It would make little sense to have the 50 States conducting 50 separate environmental research programs.

The second step is standard setting—establishing allowable limits on the impacts that human activities can have on the environment. This is also, necessarily, a Federal activity. Environment and health standards often have large consequences for our economy. Nonuniform standards set at 50 different levels across the Nation would profoundly affect the location of industry, jobs, and new investment. In the competitive economy of the 50 States, standards would surely be lower in most places, than we would choose acting together as a nation.

The third part is planning—finding the means to meet the standards. We leave this role to State and local governments on the tried and true Federal principle that governments closest to the people—and to their economic interests—are best able to make the complex choices that adjust thousands of means to the single, shared and desired end.

The fourth part is enforcement which we also leave generally to State and local governments, but backed by a significant Federal stick. The promise that EPA and OSHA or Justice will step in, if the States fail to accomplish the implementation plan.

Finally, the fifth, is the carrot. The fifth part of the process is the Federal grant. Federal dollars to assist the States with the expense of planning and enforcement.

This morning's hearing will look at the carrots—the Federal dollars which are important, necessary parts of the environmental partnership and this Nation's effort to protect human health and the world in which we live.

The hearing is occasioned by the administration's 1984 budget proposals which would cut the grant programs of the Environmental Protection Agency by some 26 percent or $60 million—down from $223 million in 1983.

On February 15, Anne Burford, the administrator at that time of the EPA appeared before the Environment and Public Works Committee of the Senate to testify on the 1984 budget. In the course of her testimony, she indicated a belief that the State grant programs should eventually be phased out entirely. In meetings with State officials, she had expressed that view more bluntly. The apparent intention of EPA was to zero out State grant programs completely over a 4-year period. The 26-percent reduction recommended for 1984 is consistent with that kind of a schedule. She argued that phasing out the grants is part of the administration's New Federalism initiative and would improve the Federal-State partnership.

Now, I consider myself an expert on questions of federalism. And, as is so often the case, I disagree with the administration's federalism proposals and I don't know of any federalism theories, new or old, that would justify termination of the grant programs for environmental protection.

The standards included in our environmental laws are mandates. They are Federal mandates appropriately imposed on State and local governments. They reflect the goals and objectives of the national govenrment, not the States. As I said earlier, put to the test in many legislatures across the land, I doubt that many would survive in their current form.

All the federalism theories I know of, say that a government which imposes a mandate on another government has a correlative responsibility to finance those mandated activities. Thank goodness there are other federalists in the Congress.

As a result of a hearing held by this subcommittee in Washington on February 16, the Environment and Public Works Committee has now recommended that EPA State grants be fully funded in 1984. In its letter to the Budget Committee, the Environment Committee recommended a 5 percent increase in the operating budget of the EPA and on the specific subject of State grants said:

> To assure the ability of State and local governments and EPA to carry out their responsibilities to control pollution, the Abatement, Control and Compliance budget should be increased . . . rather than reduced as proposed by the President's budget. In any event, State grants should not be less than in 1983.

But we have only cleared the first small hurdle in the budget process. We are here today to gather further information on the grant programs both for use by the Congress in this budget round and to stablize the partnership for the long term.

Even if an appropriate view of federalism says that we ought to finance the activities that we mandate, the simple theory will not tell us hwo much to put into environmental grants. I have made a commitment to study this partnership in depth and to make recommendations on the level of grants that would sustain the partnership in the future.

It may be that the workload supported by these grants has been greatly reduced through regulatory simplifcation or through the normal maturation process that one can expect in these programs. Or there may be other appropriate financing mechanisms including user fees that could be instituted to replace the taxpayer's dollar. Those are the questions that we seek to address today and that this subcommittee will explore over the next few months.

With that, we can get the hearing underway.

Our first witness this morning will be State Senator Gerald Willet. Senator Willet is chairman of the senate Finance Committee, the Bob Dole of Minnesota, and member of the Agriculture and Natural Resources Committee which he formerly chaired. He resides in Park Rapids, Minn., and has been the State senator for 13 years.

Gerry, we are ready for your testimony. Gerry, thank you for being here.

STATEMENT OF HON. GERALD WILLET, SENATOR, MINNESOTA STATE SENATE

Senator WILLET. Good morning, Mr. Chairman. I want to thank you for the opportunity to appear before you today to discuss funding for environmental programs. My name is Gerald Willet. I am a State senator from Park Rapids, Minn., and I represent the counties of Beltrami, Hubbard, and Cass. I am currently serving my 13th year as a member of the Minnesota Senate. I chair the senate Finance Committee and have previously served as chairman of the Agriculture and Natural Resources Committee and the Legislative Commission on Minnesota Resources.

Mr. Chairman, in reviewing summaries of President Reagan's proposed budget to Congess, I was deeply concerned to find that the President was again proposing to make significant reductions in Federal support for the management of the air, water, and hazardous wastes programs by the States. In fact, upon further reflection, my concern turned into anger. To me, it is unthinkable that the administration would propose reductions which might well cripple the ability of regulators to protect the air, water, and land resources of our Nation. I know that your committee has thoroughly reviewed the budget for the Environmental Protection Agency and I was very pleased to learn last week that you recommended to the Senate Budget Committee that the State grants program not be cut as proposed by the administration.

However, expressing opposition to the reduction in Government funding is not enough. Every day I spend many hours listening to State agencies, local government officials, and representatives of educational and human service institutions describe the effects of proposed budget cuts as we, in the legislature, prepare to make some difficult decisions on how to balance the State budget for the next biennium. As a member of Congress you face the same difficult choices. If programs are to be maintained at the same level of funding, adequate justification must be made for the program. There are two principal reasons why I believe such a case can be made for the State environmental grants program.

First, States clearly are not in a position to replace the lost Federal dollars for environmental programs. However, this is not to say that in Minnesota we are unwilling to take the lead in developing and maintaining progressive environmental programs. Our list of statutory accomplishments is long. Let me give you just a few examples:

The legislature ordered the development of a State hazardous waste regulatory program 2 years before the passage of the Resource Conservation and Recovery Act by the Congress.

In 1980 we passed, a comprehensive waste management act creating a new State agency to take the lead in finding an environmentally safe site to dispose of hazardous waste.

In 1981 we created the Mississippi Headwaters Board for the purpose of developing a comprehensive plan to protect and enhance the upper Mississippi River in lieu of Federal designation under the Wild and Scenic Rivers Act.

And, in 1982 we passed the Acid Deposition Control Act, the only legislation of its kind in the world which requires the development of a plan to reduce the impacts of acid rain. These examples illustrate Minnesota's continuing leadership in the area of environmental protection. However, our enthusiasm cannot translate into significant additional funding to administer the programs. The fiscal crunch the State faces in the next biennial budget removes any prospect that we could replace Federal cuts in the State program grants.

Second, the environmental program grants to the States are an essential element of the national commitment to environmental protection. Without this funding and the minimum national standards required by the Federal environmental statutes, I fear that pollution control could become a pawn in the interstate competition for business development. It would be tempting for an adjoining State to loosen environmental regulations in order to lure a new or expanding industry. To allow such competition in environmental protection would be unconscionable. I certainly believe that States are, in most instances, more capable of managing the environmental programs. However, minimum national standards and program funding assistance are essential to insure that every citizen can expect clean air and clean water wherever he may live in this country.

Mr. Chairman, that completes my remarks on the issue of funding for environmental programs. There are, however, two other issues that I would like to briefly mention, if I may.

I am sure that you are aware that the legislature is considering the passage of a bill to create a state superfund. This is for the cleanup of hazardous waste sites in Minnesota. Money for the fund will come from a $5 million general fund appropriation and a tax on hazardous waste generators. Passage of this bill is the most critical environmental issue in the 1983 session of the legislature. Clearly, this fund will not clean up all the hazardous waste dumps in Minnesota. In implementing the program, the Pollution Control Agency must aggresively seek to maximize the use of the Federal superfund for eligible sites in Minnesota. My purpose in raising this issue is to point our Minnesota's willingness to assume a share of the responsibility for the cleanup effort. Anything you can do to get EPA to respond promptly and reasonably to state requests for funding will be greatly appreciated.

Finally, I want to solicit your continued support for strong Federal legislation to deal with the problem of acid rain. I mentioned earlier that Minnesota has the only Acid Deposition Control Act that exists anywhere in the world. And I was privileged and honored to be the chief author of that legislation. The law requires the Pollution Control Agency to designate sensitive areas in the State, establish a deposition standard, and develop a control plan to achieve that standard. However, the agency believes that roughly 70 percent of the emissions that result in acid rain in Minnesota are generated in other States. That's why strong national legislation is needed to significantly reduce sulfur dioxide emissions. Last year you supported the acid rain legislation which was eventually passed by the Environment and Public Works Committee. Now that you are a member of that committee, I hope that you take the lead in drafting a strong bill and convincing your colleagues of the need for action during this session of Congress.

Again, thank you Senator for the opportunity to present my views to you this morning.

Senator DURENBERGER. Thank you for going beyond the specific subject of this meeting and for making the two add-on observations that you made. I thank you for your leadership efforts here in Minnesota and it's obviously something that I have taken a leadership position on in Washington and have sponsored legislation last year with Senator George Mitchell. I have sponsored several inter-parliamentary meetings with the Canadians who thankfully, in recent years are more concerned now that even we are about the problem of acid rain and I am working on my own version of a bill at the present time.

Let me get to a couple of questions that deal with how the Minnesota Legislature is likely to react to the lack of funding.

I was around here 15 years ago or so when a lot of these Federal grant programs were just getting revved up and what happened in those situations was that a lot of the money went to the State government and the Governors were making the decisions about parceling it out to this agency or that agency. I wonder if you would briefly describe to us how that has changed.

What currently is the legislature's role in appropriating or designating the use of Federal grant moneys that come into the State right now? How much control do you feel that the legislature has currently upon the Federal grants process?

Senator WILLET. Well, Senator, I am glad you asked that quesion because I think it is important that block grants from the Federal Government are reviewed by the State legislature for distribution. However, I believe also that there ought to be enough guidelines so that they are not misappropriated. We handle it differently now then when you were working for the State government. With the Minnesota Pollution Control Agency, we have an agency directly involved with the viewing and insuring that expenditure of their funds go to critical areas. And the criteria is set so that you start on the most needed and work down through the list. As I am sure you are aware, Senator, we are fortunate enough to have the number one hazardous waste site located in Minnesota, the number one of the Nation in terms of the problem. And so, that's kind of the way we handle it now.

Senator DURENBERGER. What I am getting at is how much leverage you feel that you have. It is a situation where PCA will tell you "We are getting X number of dollars from this program and X number of dollars from that program and we need you to build a gap with other dollars?" Is that in effect the way the process works now currently?

Senator WILLET. Yes.

Senator DURENBERGER. So, if we cut back in certain areas, then you are left with a choice of either finding a better way to do it or adding dollars to the process. You also have a third choice and I am curious to know whether or not it gets discussed around here at all, and that is you have the choice of just saying, okay, we are not going to do it, especially if we are going to let you fund 100 percent of it by just getting out of the business. Does that get kicked around here at all?

Senator WILLET. It certainly does. The Minnesota Legislature, of course, is concerned about environmental issues enough to want to do our share. As I indicated Minnesota's willingness to appropriate to that; I guess that is a good example. What we do is just spend within our limitation. If the Federal Government holds back, there is no way that we could make up the difference. We would have to then match the programs as much as we could and the criteria list in terms of importance would just shrink from the bottom. With hazardous waste material and so forth, the negative impact on the people living in Minnesota would be increased tremendously. So, we sincerely hope that the Federal Government will keep the commitment so that we can address the seriousness of the issue properly.

Senator DURENBERGER. You mentioned block grants earlier. My final question—it's sort of a two-part question on block grants. Supposing we took all of the current environmental programs like air, water, hazardous waste, drinking, water, and we put them in just one block grant, and we sent the block grant back here and let you decide how to distribute it and the only thing we wouldn't include in there, for example, could be perhaps the waste water contruction grant program, how would you react to that kind of a proposal?

Senator Willet. Well, Senator, I think that the Minnesota Legislature has to review it working with the agency and the people impacted out there to be handled adequately in Minnesota. I am not sure if all States are equipped to do that. I would be somewhat concerned that they may steer those dollars in a different direction. I think the environmental issues, in terms of the human race, are so important that there are enough guidelines to insure that, in fact, those dollars will be spent in the areas that they ought to be spent.

Senator Durenberger. There is another half of that. I mean, there is a specific proposal up before the administration now for a State block grant which includes social service moneys, vocational moneys, primary health care moneys, plus wastewater construction money into one large State megablock. How would you think a legislature would react to a block that puts wastewater construction in the same block with social services?

Senator Willet. Senator, I hope you wouldn't do that. I would hope that the Congress would keep those separated as different issues. It would be much better to work with.

Senator Durenberger. Thank you very much for being here. I know you have a tax conference today and I appreciate your taking the time, Senator Willet.

Senator Willet. Thank you very much. I appreciate your invitation. Thank you.

Senator Durenberger. The next group of witnesses is called our State Panel. They will testify together. The panel will be led by Sandra Gardebring, who is executive director of the Minnesota Pollution Control Agency, who a month or so ago was our lead witness on behalf of the National Governor's Association in Washington and presented testimony in support of full funding.

She will be joined by three other representatives of the MPCA. Barry Schade, who is director of the Water Quality Division, Minnesota Pollution Control Agency. Also, Dale Wikre, director of the Solid Hazardous Waste Division, Minnesota Pollution Control Agency, and Mike Valentine, director of the Air Quality Division, Minnesota Pollution Control Agency.

Also joining this panel will be Sister Mary Madonna Ashton, commissioner of Health, Minnesota Department of Health, which administers the safe drinking water program here in the State of Minnesota.

Your written statements will be made part of the record if you choose to abbreviate them, or you may proceed whichever way you wish.

STATEMENT OF SANDRA S. GARDEBRING, EXECUTIVE DIRECTOR, MINNESOTA POLLUTION CONTROL AGENCY

Ms. Gardebring. Mr. Chairman, I am Sandra Gardebring, director of the Minnesota Pollution Control Agency. I am pleased to have this opportunity to appear before you today on the subject of the role of the Federal Government in protecting our Nation's environment.

In the decade and a half or so that the control of pollution has been thought of as a basic and necessary governmental function, the Federal Government has played an essential part. It has been Federal laws—the Clean Water Act, the Clean Air Act, the Resource Conservation and Recovery Act and others that have often taken the lead and set strong environmental requirements for the Nation as a whole. But it has been a cooperative arrangement. While the Federal Government has put into place nationwide standards as well as requirements that those standards be met, the actual administration of the environmental programs has largely been delegated to the individual States. With that delegation has come funding to make it possible for the States to carry out their share of the overall task. Fully 45 percent of the MPCA's budget comes from Federal sources, as have millions of dollars in grants to Minnesota municipalities for the construction of wastewater treatment facilities. For the most part, the Federal-State partnership has worked well, drawing on the particular capabilities of both levels of government.

The present proposals of the administration, however, represent a unilateral change in the terms of that partnership. Taken as a whole, these changes reveal the clear intention of diminishing greatly the Federal Government's role in protecting the environment.

Now, we do agree that there are some positive steps that can be taken in giving the States more flexibility and more authority to administer federally-mandated programs. We have always believed that certain responsibilities are most effectively performed at the State level: Minnesota best knows the needs of Minnesota. When a State proves it can do the job, as we think we have, it should be given the authority and flexibility to do so. Federal oversight is necessary to insure that the job does in fact get done, but if we're doing it, we should be able to do it in a way that best fits our resources and our particular needs. Some Federal regulations can be streamlined; some procedural requirements can be simplified to the benefit of everyone.

One clear example of this is the Federal authorization of State hazardous waste programs. Under the Federal Resource Conservation and Recovery Act, if a State has an adequate hazardous waste program, it can receive authorization from EPA to run its hazardous waste program in lieu of the Federal hazardous waste program. For us, this would have the eminently reasonable result of freeing Minnesota businesses from the burden of meeting two separate sets of requirements.

However, we've been working for 2 years to accommodate EPA by making the myriad of technical changes necessary to render Minnesota statutes and rules "substantially equivalent" to Federal statutes and rules as interpreted by EPA. Unfortunately, many of EPA's requirements seem to deal with surface details rather than with the substance. The emphasis seems to be on a program that dots every "I" and has all the commas in the same place EPA has them rather than on a program that meets Minnesota's needs in actually insuring that today's hazardous wastes won't become tomorrow's hazardous waste cleanup problems.

A second example in this area, one in which we think EPA is actually moving toward being more rather than less restrictive, is the recently proposed revision of their water quality standards regulations for States. The proposed changes, among other things, would require that States employ cost-benefit and use-attainability studies and then promulgate site-specific water quality standards. All of these can be useful tools when used judiciously and with flexibility. The EPA proposal, however, would instead translate these complex tools into rigid requirements, imposing a time-consuming and costly burden on the States while actually reducing the options available to them in managing their water quality.

Again, definite improvements can be made in simplifying Federal procedural and technical requirements and giving the States both the authority and the flexibility necessary to deal with State problems.

That said, however, we still need a strong Federal environmental presence. We need strong Federal standards and we need strong Federal requirements that those standards be met. Without that kind of national uniformity, there is an inevitable temptation for States to compete among themselves for each other's industry by offering relaxations in environmental standards. We believe this would be particularly detrimental to Minnesota, where we pride ourselves on a clean, healthy environment and where three of our most important economic sectors—agriculture, forestry, and tourism—are heavily dependent on it.

At the same time, certain environmental problems simply can't be dealt with effectively by the States on an individual basis. The most obvious example which we have already discussed today, is probably acid rain, which by its very nature is more than a State problem and which will require strong action by the Federal Government if it is to be truly solved. Likewise, basic enviromental research, both because of its complexity and because of the economies of scale that are involved, is an essential function of government at the Federal level.

Finally, but by no means least importantly, we need the fiscal resources of the Federal Government. Unfortunately, but very clearly, good environmental programs do require money.

That brings us directly to the Environmental Protection Agency budget. In the Federal-State environmental partnership, delegation of federally-mandated responsibilities to the States has always in the past been accompanied by the funds necessary to carry out those responsibilities. EPA, however, is now proposing to change that and paradoxically, they are proposing to reduce State funding at the time they are proposing to increase State responsibilities.

The results are not hard to predict. In spite of EPA's claims that regulatory reform efforts will save the States money, they have not actually demonstrated how a single dollar can be pared from the cost of managing environmental programs without sacrificing quality.

At the PCA we've taken a hard look at just what these proposed cuts would mean in terms of our programs. My three divisional directors will be giving specific examples from their particular areas. In general, however, the inevitable result of reduced funds is reduced services. We would have no choice but to cut back on our efforts in basic operations such as permitting, monitoring, and enforcement. And contrary to the wishes of EPA, it is very unlikely that we would be in a position to assume the delegation of additional Federal responsibilities. We have already been forced to tell them that we will be able to accept the New Source Performance Standards and National Emissions Standards for Hazardous Air Pollutants programs only if they are accompanied by the necessary funds. Should there be significant reductions in the future, we will in fact have to examine the possibility of actually turning back some of the delegated programs which we administer now.

Throughout the Agency, the administration's proposals would mean that some programs would be cut back, some simply eliminated. We would obviously prioritize our activities and keep the dollars in those that we think are most essential. But we believe the "fat" has already been cut out as a result of past budget cuts, and further reductions will have inevitable effects on our ability to do our job. We believe those are serious enough that the integrity and credibility of the Agency as a protector of the States's environment may very well be in jeopardy.

In summary, I want to reiterate and emphasize to you that we remain committed to strengthening and improving the Federal-State partnership in environmental protection. We believe that that requires each environmental program to be funded at least at its fiscal year 1982 levels. And we think the general public concurs with us on that. As our Minneapolis Star and Tribune stated in a recent editorial about the proposed EPA budget, "Opinion polls show that Anericans want more, not less, environmental protection. If Congress is listening to the people, it will reject the administration's proposal."

Senator Durenberger, we appreciate your interest and leadership on this question and I would be happy to answer some questions. Perhaps you would like to hear the specific remarks on the programs.

Senator DURENBERGER. I think we will hear all the other statements and then go to questions.

We can go in the order you are sitting or in the order you were introduced? I have no preference.

STATEMENT OF J. MICHAEL VALENTINE, DIRECTOR, DIVISION OF AIR QUALITY, MINNESOTA POLLUTION CONTROL AGENCY

Mr. VALENTINE. Mr. Chairman, my name is Michael Valentine. I am the director of the Division of Air Quality of the Minnesota Pollution Control Agency. I thank you for this opportunity to appear before you today to discuss the very serious issues regarding the effects of the proposed federal reductions on air quality program efforts in the State of Minnesota.

Before I start describing what I believe will be the specific impacts of the reduction on the air program, I would like to establish some background facts that will help highlight the nature of the problem. First, it is important to remember that approximately one-half of our air program funding has been provided by the U.S. Environmental Protection Agency. This State and Federal split has reasonably reflected the level of responsibility that has been placed on the States as a result of the Federal and State partership that has evolved through implementation of Federal legislation.

Also, I think that it is important to note that although the dollar level of State air programs has remained somewhat constant over the last few years when adjusted for inflation, the States have seen a gradual erosion in program support. As an example, the fiscal year 1983 Minnesota air program grant was a decrease of 9 percent in terms of constant 1981 dollars from the 1982 level. Without inflation, that reduction would have been only about 4 percent.

It is a very disturbing paradox that at a time when the administration is talking of the benefits of delegating even more program activity to the States—it is also proposing more significant reductions in funding.

I feel that the agency and the division of air quality are sincerely interested in getting the most out of program dollars by attempting to make our programs and our activities as efficient and productive as possible. In fact—I believe we have had successes in this area in the recent past. However, these savings have already been offset by the bite that inflation takes from our funding levels.

Furthermore, although our program is mature and arguments have been made that less effort is needed now, as compared to earlier years, I don't think we should forget that new program needs continue to surface each year as a result of what we have learned from the past.

I don't believe that we can now turn our backs on these new and important issues, such as air toxics, inhalable particulates and continuous emission monitoring.

I feel that the proposed EPA budget would leave Minnesota with a staff level that seriously jeopardizes our ability to address basic air pollution issues in the State.

I believe that we've been tightening our belts for at least the last 2 years. At this point, the administration's proposed budget would clearly weaken our ability to address important existing program activities.

Specifically, the proposed fiscal year 1984 budget would result in the loss of 15 to 16 positions from a present fundable position level of 57 to 58 positions. This would represent a 25-30 percent cut in staff size. This cut in staff resources would impact all four main elements of the Minnesota Air Quality Program effort: Monitoring, program development, permitting, and enforcement. As anyone considers the impacts of funding and staff reductions on environmental programs, I think it is important to remember a few key points:

First, some air program activity may not relate to directly measurable environmental benefits because they involve data and information gathering, but, for environmental programs, as elsewhere, better information allows for better decisions.

Second, the reduction or termination of program activity may not cause an immediate negative effect—because the carryover benefit of past effort will linger on for awhile. However—the environmental impact will come in time and may not be counteracted quickly once the mistake is noticed and responded to.

Third, we often fall into the trap of justifying program funding only to resolve problems and ignoring the fact that activity funded at present is worthwhile because it is preventing problems from resurfacing. Permitting and enforcement activities are of this type—very often appreciated only when they are deficient.

With these points in mind, and based upon the division of air quality staff evaluation of the impacts of the President's proposed fiscal year 1984 EPA budget, I feel that the following specific reductions in the Minnesota Air Program would occur:

First, the State and local ambient air quality monitoring network would be severely reduced—or eliminated. This would result in the loss of data that now provides the agency with the background information necessary to develop appropriate and effective State implementation plans which insure attainment with air quality standards, and also assists the agency in the effort to issue permits that establish appropriate control limits for emission sources.

Second, the division program development effort would be significantly curtailed—resulting in potential delays in the development of implementation plans for attainment with existing secondary air quality standards. And the new inhalable particulate standard not yet promulgated.

Third, the division's ability to continue its efforts to develop and implement an air toxics program will be severely limited, with resultant delays in program implementation of 1 year or more.

Fourth, the number of air emission facility permits issued by the division would be reduced by one-third. Permits are at the heart of the program and are the tool used to clearly establish the conditions necessary to insure appropriate abatement facilities are provided and that they are operated in a way that provides compliance with performance standards.

Fifth, the number of inspections of major emission facilities would be reduced by one-third to one-half. Although the impacts of this type of activity cutback are not immediate. Past experience shows that a backsliding in compliance rate results from a reduced regulatory presence.

Sixth, the division will have little, if any, ability to respond to potential changes in the Clean Air Act. I believe that we will certainly see some changes in the act relative to acid rain and air toxics that will require program development and implementation activity at a State level. A lack of sufficient resources will diminish at least for a time our ability to respond to a new policy direction coming from Congress.

In summary, the potential reduction in fiscal year 1984 represented by the President's budget would result in almost a one-third reduction in the State's air program effort. The impact will cut across all program elements giving us only a shadow of our present program in some areas. Our staffing level would be reduced to a level that last existed prior to the enactment of the 1977 Clean Air Act Amendments.

Therefore, I strongly recommend that Congress not reduce the State's air quality program funding below the fiscal year 1982 level.

I appreciate this opportunity to speak and I hope these comments will help all of you in your consideration of this important issue.

Senator DURENBERGER. Thank you very much, Mike. Barry, you're next.

STATEMENT OF BARRY C. SCHADE, DIRECTOR, DIVISION OF WATER QUALITY, MINNESOTA POLLUTION CONTROL AGENCY

Mr. SCHADE. Mr. Chairman, thank you for the opportunity to appear before you today. My name is Barry Schade and I am director of the Division of Water Quality of the MPCA. I am pleased to be here today to discuss the effects the proposed Federal budget reductions will have on Minnesota's water pollution control program. I want to make clear at the outset that I recommend strongly that Congress maintain the same level of funding to the States and that funding for the water polution control program not be reduced below the fiscal year 1982 levels.

The administration has proposed a 56-percent reduction in Federal support for the management of the State's water pollution control program. Although States have indicated a willingness to assume greater responsibility for environmental program management, this reduction is proposed at a time of virtually unprecented budget stringency. Most States are experiencing revenue shortfalls and virtually every State legislature over the past year has had to raise taxes and/or make significant cutbacks in Government programs and services. Atttempts by the States to increase their own support for environmental programs to make up for the reductions in Federal funds will pit these programs against the State's other urgent needs, such as welfare. This situation greatly increases the difficulty States will face if Federal support for managing environmental programs is reduced.

At the Minnesota Pollution Control Agency, we have taken a hard look at just what the proposed cuts would mean in terms of our specific programs in water pollution control. In general, the MPCA's water pollution control program would be severely impacted by such a reduction. The MPCA will be forced to reduce our efforts in things like monitoring, permitting, and enforcement. I believe these reductions are serious enough that the integrity and credibility of the MPCA as a protector of the State's environment may very well be at stake.

The following details how this reduction impacts Minnesota's water quality management program and cleanup effort. Under my best calculations, the proposed 56-percent drop would mean that Minnesota would be force to do the following:

First, to eliminate our ambient water quality monitoring program, which for 30 years has given us data essential for developing State water quality standards, for setting the terms of discharge permits, and for enforcing those permits.

Second, to reduce the permit processing by 40 to 50 percent which would allow some dischargers to operate without permits.

Third, to curtail our toxics monitoring and permitting program efforts which are just in their beginning stages toward adequately addressing toxic pollution.

Fourth, to return delegation to EPA of the Agency's pretreatment program.

Fifth, to eliminate our compliance monitoring of minor facilities which affects approximately 1,300 permittees in Minnesota.

Sixth, to reduce operating assistance to municipal facilities and to eliminate technical review of industrial facilities.

The environmental consequence of these actions mean that the degradation of water quality would go unchecked. In addition, without adequate baseline information delays would occur in construction and permitting of municipal and industrial facilities. The cleanup and elimination of toxic discharges could not occur further polluting the waters of the State.

In the long term, the environmental consequences of this reduction will be the increased degradation of water quality throughout the State. General water quality monitoring efforts that evaluate conditions of surface waters will be eliminated. Compliance monitoring of minor dischargers will go unabated. Permitting and enforcement will be reduced and compliance with water quality goals will fall to the dischargers themselves. Development of toxic controls and water quality standards will be extended beyond the Clean Water Act deadlines. Progress that has been made over the past 10 years will be lost. Finally, the integrity and credibility of the MPCA's cleanup program may very will be at stake.

This scenario reflects those ongoing program areas that will either be reduced or eliminated altogether. This scenario does not take into account the increased emphasis in certain program areas being mandated by the Clean Water Act. Such areas as toxic controls and water quality standards development require additional resources beyond those available under a 56-percent section 106 reduction. These program areas are more complex and require the continuation of a stable funding level.

In summary, the potential fiscal year 1984 reduction represents a loss of at least 25 positions—out of a total 106 Federal complement of 37—and approximately a 17-percent overall reduction in the level of effort and operation of the State's program. The major effects would be in the ambient and compliance monitoring areas, permit issuance, the pretreatment program, and the toxic discharge control effort. In considering other Federal grant support under section 205, the MPCA is already heavily committed to priority programs as mandated under title II of the Clean Water Act. In addition, the MPCA is embarking on a resource intensive effort in order to comply with EPA and congressional objectives set forth in the Clean Water Act Amendments of 1981. Thus, we are certainly not in a position to replace section 106 losses with section 205 funds.

In another area of the President's proposed budget, I wish to express our support of the $2.4 billion appropriation for the municipal construction grants program. In Minnesota, this means a continuation of construction grants to municipalities. Under the national appropriation, we anticipate $44.9 million would be allocated to Minnesota. The continuation of these grant funds to municipalities is critical in meeting the year 2000 needs of $1.48 billion as identified in the 1982 Needs Survey. Continued and stable funding for the construction grants program is critical in order to comply with the July 1, 1988, treatment requirement for publicly owned treatment works as mandated by the Clean Water Act Amendments of 1981. We see the construction grants program as potentially contributing to the economic recovery of the State. For this reason, we feel that streamlining the program through increased delegation and allowed discretion to the State should be promoted as a means of funding projects at the earliest possible date. We would especially look at relief in innovative and alternative set-asides and advance treatment justifications. We still want to promote innovative and alternative set-asides but do not want to require mandatory set-asides that will cause management and administrative difficulties. A final note with respect to the construction grants program in Minnesota is very aware of the decline in the Federal participation and the increased financial responsibility being placed on municipalities. In this regard, we are looking at and encouraging alternative funding options for municipalities to facilitate improved wastewater treatment.

I very much appreciate your interest and support of the States' water pollution control programs, Mr. Chairman, Senator Durenberger, and hope these comments will be helpful in your deliberations in the administration's budget proposal for fiscal year 1984. Again, I recommend that Congress continue its support of the States' water pollution control programs by not reducing funding below the fiscal year 1982 level.

Senator DURENBERGER. Thank you very much.

STATEMENT OF DALE L. WIKRE, DIRECTOR, DIVISION OF SOLID AND HAZARDOUS WASTE, MINNESOTA POLLUTION CONTROL AGENCY

Mr. WIKRE. Mr. Chairman, thank you for the opportunity to appear before you today. My name is Dale Wikre, and I am director of the Minnesota Pollution Control Agency's Solid and Hazardous Waste Division. The focus of my statement will relate to the hazardous waste program which realizes Federal program support from subtitle C of the Resource Conservation and Recovery Act.

Mr. Chairman, what I would like to do is begin my presentation by starting in fiscal year 1981 and discuss Federal funding, U.S. Environmental Protection Agency hazardous waste program activities and requirements, and corresponding State program activities from that time to the present.

In fiscal year 1981, the level of EPA hazardous waste program funding to Minnesota was $517,200. During that fiscal year, the EPA's initial hazardous waste program regulations became effective November 19, 1980. These regulations basically established the listing and identification of hazardous wastes, generator and transporter requirements, and interim status standards for facilities. The regulations also established the mechanism for States to get interim authorization for these parts of the hazardous waste program as well as for final program authorization which would thereby allow the States to conduct those program activities in lieu of the EPA.

As part of the State's fiscal year 1981 hazardous waste program grant from EPA, Minnesota was required to enter into a cooperative arrangement with EPA. This arrangement defined steps the State would be taking during the fiscal year toward qualifying for interim authorization and those program implementation activities which the State would be conducting for EPA. These activities included conduction 93 inspections, implementing the manifest system, conducting technical evaluations of 30 facilities for compliance with interim status standards and carrying out a limited amount of enforcement followups. The Agency had submitted a draft interim authorization to EPA during fiscal year 1980, received a number of comments from EPA later in the fiscal year which identified areas where the State's program was not substantially equivalent to EPA's. Thus interim authorization development activities were required to be undertaken during fiscal year 1981.

In fiscal year 1982, the base level of Federal funding was $500,800. During that fiscal year, EPA published additional hazardous waste regulations including final standards for a number of different types of treatment and storage facilities. As part of the fiscal year EPA program grant, the State entered into a cooperative arrangement with EPA. As for fiscal year 1981, it identified steps the State would take toward qualifying for interim authorization. In addition, it required that the State conduct 107 inspections, reflected an increased commitment to permitting through the conduct of detailed technical evaluations on 28 permit applications, preparation of 7 permits for EPA issuance, and carrying out followup activities. However, it should be noted that none of the permit-related work occurred because of EPA's failure to solicit permit applications. During this fiscal year, extensive staff resources were devoted toward amendment of the State's existing hazardous waste rules in order to bring them into conformance with EPA's.

In fiscal year 1983, the base level of Federal funding was $462,000. In January 1983, the EPA's final land disposal rules became effective. These rules completed the package of EPA hazardous waste rules which then allowed for States to apply for and receive final program authorization. As for the previous 2 fiscal years, the State entered into a cooperative arrangement with EPA. The arrangement reflects the steps the State will take to qualify for final authorization. A vast majority of this work involves the completion of the State rule amendment process. In addition, it requires that the State conduct 103 inspections, and reflects an increased commitment to facility permit processing including the preparation of 8 permits for final issuance by EPA. Finally, it also requires that other compliance monitoring and enforcement related activities be conducted.

In fiscal year 1984, it is projected that the base level of Federal program funding could approximate that received in fiscal year 1983 as based on calculations which reflect the administration's proposed fiscal year 1984 hazardous waste program budget for the EPA. As for fiscal year 1983, it is expected that EPA's emphasis will continue to be on program authorization, enforcement and increased assignment of resources toward facility permit processing. The State will carry out these activities, and it is expected that application will be made for final authorization during the fiscal year.

To summarize, what has happened since fiscal year 1981 is that the level of Federal program support has declined while at the same time, the Federal program demands have increased. In addition, the real purchasing power of the Federal program funding has declined more dramatically than has the rate of funding. In terms of the fiscal year 1981 grant, it is estimated that for fiscal year 1984 the level of Federal program support should be approximately $200,000 more than is projected to be available under the administration's proposal. This is without considering the increased program demands being placed on the State by EPA. This is in sharp contrast and totally contradicts the Federal Government's funding philosophy and practice in the 1970's following enactment of the Clean Water Act Amendments of 1972 Act. Following enactment of the act, Federal program support for the Agency's water programs increased by over 50 percent in 1973 and by over 100 percent in 1974 over that of the previous year with 1974 being the year Minnesota was delegated the authority to administer the act's national pollutant discharge elimination system permit program. These increases in Federal program support seem to have reflected a Federal commitment to environmental protection and recognized the State's increased needs for support in developing and implementing effective regulatory programs which could meet the demands of the public, regulated community, and the States. While, because of the present condition of the Nation's economy, I am not necessarily suggesting these types of dramatic increases in hazardous waste program support; however, I do feel that there does need to be a real increase in Federal program funding.

At current funding and resultant staffing levels, it is projected that the frequency of inspections of presently identified generators, transporters, and facilities will be on the order of once every 15 to 20 years. In the permitting area, facilities would not be permitted or reviewed for permit needs but once every 12 years and can reasonably be extended to but once every 20 years, or more, when one considers permit reissuance and the commitment of time to carrying out that process. This is not an acceptable expectation from either the environmental or regulatory standpoints. Facilities require a thorough, all encompassing, permit-processing type of review on a frequency of more than once every 12 to 20 years. This level of regulatory activity basically reflects a reactionary involvement. The hazardous waste program is new and, as such, a tremendous amount of time is required for effective implementation, particularly in the area of educating the public and regulated community concerning the management of hazardous waste in a fashion consistent with regulatory requirements. Inspecting hazardous waste activities at a frequency of once every 15 to 20 years is not acceptable. Equally as unacceptable would be focusing on a reduced number and disregarding the rest. Also, taking 12 to 20 years to complete the facility-permitting process is equally unacceptable. Most of the facilities are currently operating and under minimal regulatory control. The permitting process must be completed within the shortest possible time. If the inspection, education, permitting, and enforcement activities are not significantly accelerated, the reactionary efforts of the Federal Superfund and pending State Superfund will become more commonplace, and the demands of those programs will be significantly increased and longer term.

I feel that the State's program must be developed to its fullest capabilities in assuming its role in administering an effective hazardous waste regulatory program. I question this being able to be accomplished if the level of Federal program support is allowed to continue at its static or declining levels.

Thank you.

Senator DURENBERGER. Thank you very much. Sister Mary Madonna Ashton.

STATEMENT OF SISTER MARY MADONNA ASHTON, COMMISSIONER OF HEALTH, STATE OF MINNESOTA

Sister MARY MADONNA ASHTON. Chairman Durenberger, my name is Sister Mary Madonna Ashton and I am the commissioner of health for the State of Minnesota. The purpose of my testimony today is to discuss the effects of Federal budget cuts on the Minnesota safe drinking water program as well as the impact of these reductions on the Environmental Protection Agency's ability to provide the technical assistance and support which is so necessary to the success of State programs.

Because of the importance of safe drinking water to the citizens and vistors of Minnesota, a concerted effort was made by our State to become a leader in the establishment of an effective public water supply program. As a result, Minnesota was the 12th State in the Nation and the first in EPA region V to be granted primacy under the provisions of the Federal Safe Drinking Water Act.

The Minnesota Health Department presently regulates 988 community public water supplies, consisting of municipal, mobile home park, apartment, and institution-type systems, serving an estimated 3.2 million of the State's 4 million residents. We also regulate 10,500 noncommunity public water supplies, consisting of resorts, motels, restaurants, highway rest stops, factories, schools, et cetera, which serve, at some point in time, every Minnesota resident as well as visitors and tourists who are so vital to the economy of our State.

Since assuming primacy under the Safe Drinking Water Act, the amount of Federal funds available to Minnesota has varied considerably. In fiscal year 1976, the first year in which we received grant moneys under this program, our public water supply program staff was expanded from 14 to 19 with a grant allotment of $152,000. Modest increases in Federal support were provided during fiscal years 1977, 1978, and 1979 to allow for planned program growth. The public water supply program staff reached its maximum of 32 in fiscal year 1980 with a grant allotment of $897,000. Although reductions in grant allotments occurred in fiscal years 1981 and 1982, we were able to maintain our 1980 staffing level by implementing certain program modifications and service reductions. In spite of a significant base allotment reduction in fiscal year 1983, program staffing has been maintained at 32 because of the efforts of EPA region V to redistribute funds from other drinking water programs which will result in a total grant this year of $799,000.

As you can see, we have, to date, been able to compensate for funding reductions and still maintain the staffing levels which are so critical to our public water supply program. However, we recently received information that EPA is expecting approximately to effect a 26 percent reduction in funds which decrease Minnesota's 1984 base allotment to approximately $400,000. In addition, we have estimated that Minnesota in fiscal year 1984 can expect to receive from EPA region V, only $126,000 in redistribution funds. This would result in a total grant of $526,000. In order to maintain the majority of our existing program effort, a minimum of $764,000 is required. The resulting shortfall of $238,000 would necessitate a reduction of up to 10 positions which represents approximately one-third of the department of health's public water supply staff. A cut of this magnitude would severely hamper our program efforts in a number of very significant ways. For example, it would be necessary to reduce the amount of training provided for water supply system operators; to reduce the amount of technical assistance provided to water supply purveyors; and to reduce the frequency of routine surveillance activities. But perhaps most important, it would limit our ability to respond rapidly and effectively to emergency contamination situations.

As you undoubtedly know, this is a very critical time for the public water supply program in Minnesota and throughout the United States. Contamination from past hazardous waste dumping practices threatens many of our precious and unreplaceable drinking water supplies. The responsibility for evaluating human health risks associated with these problems rests solely with the State public water supply program. Therefore, now is not the time to reduce Federal allotments to States for a program that is so vitally important to us all.

In addition to the concern for reduced funding to State programs, we are concerned also about the proposed reductions being considered for the Federal EPA drinking water program. The Minnesota Health Department has had an excellent relationshop with the EPA region V office and we have worked in a close partnership with them to meet the goals of the Safe Drinking Water Act. However, EPA must be able to provide essential ongoing support and assistance to States if these programs are to be successful over the long term. In that regard, we are deeply concerned that any funding reductions would greatly hamper EPA's ability to provide support to State programs in the three following areas.

The first is laboratory support. Reductions in laboratory support will greatly affect State programs by cutting the already limited, technical assistance to our State environmental laboratories. Examples of the types of technical assistance which may be affected include: The provision of reference samples needed for quality control; the provision of specialized analytical services which go beyond the capability or capacity of State laboratories; and the provision of quality assurance program reviews which are important to all of the laboratory-supported environmental programs.

The second area of concern involves research and development. We understand that the research and development budget was reduced from $22.3 million in fiscal year 1982 to $14.3 million in fiscal year 1983 and is scheduled to fall to $11.9 million in fiscal year 1984 under current budget proposals.

And the third area involves the evaluation of paint systems and treatment chemicals for potable water. Many new water treatment chemicals and paint systems for water storage reservoirs are entering the marketplace. Due to the complexity and cost of such evaluations, and the use of these products on a national basis, it is not realistic for each State to conduct individual product reviews.

Many of the concerns, I have just outlined are not only concerns of Minnesota, but, I believe, concerns of other State water supply programs as well. The challenge of protecting the public's health through the surveillance and monitoring of our public water supply systems is a continuing one. Therefore, I respectfully request any assistance you might be able to provide in assuring adequate funding for both State and Federal program activities.

I would like to express my appreciation for having this opportunity to share my thoughts and concerns with you. Mr. Gary England, the individual responsible for the day-to-day management of our drinking water program, is here too, and we would be pleased to respond to any questions you may have.

Senator **Durenberger**. Thank you. At a dinner the other night, John Glenn was very funny. He said I can't understand an administration that wants to sell Yellowstone Park and wants to buy Times Beach, Mo.

Well, I am told we are running somewhat short of time. I have got some specific questions that have been submitted on behalf of other members. I also have some questions.

On is premised on the fact that we have, in this State for 15 years, been involved in some of these areas, with the Department of Health, and we have been at it with EPA and we have probably learned something in the process that would justify some change in our funding relationships. It would be very helpful to the full committee and to the subcommittee if each of you in the areas of your expertise would give us some indication of where certain kinds of regulatory reforms that you have seen actually have helped us save some money so we can get that sense of direction.

Second, there is the whole issue that I have referred to in my opening statement of maturing. We are getting better at what we do and I think that ought to be addressed. The issue of user fees, of course, is something that in a general sense we see a trend in that direction, but as we discussed, and Sandra knows this, we discussed this at the hearing in Washington, but there are some practical limitations in the utilization of permit fees. But, there may be some areas, if we are going to think in terms of some user fee financing, you may have some specific suggestion that would be helpful to us about where you might want to start and at what level you might want to start in terms of permitting and so forth so that you don't get either the adverse, economic impact, or the adverse impact on the regulatory process.

There is another issue that came up particularly when, I think, it was Dale testifying, about how we have been actually cutting down on hazardous waste financing which is, you know, 90 percent here, 10 percent there, 50–50 here, 50–50 there. We sort of tend to get in a rut sometime and assuming that if we benefit from a 50–50 deal from day one, well, that's the way it ought be, just don't cut the 50–50 to something else. In the context of the block grant question that I asked Senator Willet, to the degree that you can help us in looking at these different things, and I think the Federal role becomes more important here and the percentages should be larger in that area, I think that would be helpful to us. It is probably not going to impact our position here. We are going to hold the line and make some more progress, but as we look to next year, particularly with presumably a new source of work in the EPA, I think those are some of the areas where we recognize that there are only so many tax dollars around it and if we found a better way to do things, we ought to do it.

The last question would deal with something like what do you hear from business, industry, tourism, et cetera, about the adverse economic impact of defunding mandates and so forth. What does happen out there in the real world when it takes forever to get a permit and it takes forever to make a decision. So, I think that a healthy environment is an area that business has as much a stake in.

I have a couple of specific questions. One is for Mr. Schade. Toward the end of your statement, you indicated that Minnesota can expect $44.9 million as its share of the $2.4 billion recommended by the national construction grants program in fiscal year 1984 and you further stated that you wanted to promote innovative and alternative set-asides, but you don't want to require those set-asides. That's a point on which we would like to get some elaboration.

Mr. SCHADE. Certainly, Mr. Chairman. I believe the good idea that Congress initially had in mind was to encourage innovative and alternative types of treatment by allowing more money to actually be available for those types of projects. The program went a step further and required that 4 percent of the available grant funds be actually set aside and only be used for those kinds of projects. This concept was then carried a step further and for those States who didn't care to lose those funds, it became necessary that they set a high priority and funding projects that involved innovative and alternative types of technology. The result of that has been that innovative and alternative types of projects have a tendency to move to the head of the priority list and this essentially violates the normal priority setting process that the States have developed. It causes States to ignore the environmentally base priority setting process that they have developed and instead puts a greater emphasis upon a priority process based upon the technology that the municipalities come up with. I believe that it's a good idea to set aside funds to be used for innovative projects and I also believe that it's a laudable practice to give additional funds for those types of projects. I do believe, though, that States should not be required to spend a full 4 percent in this area and they should be allowed to spend whatever amount is approprite to the technology needs of that area and that States should not be penalized who don't elect alternative projects when they have to make the choice between alternative projects or innovative projects against projects that are having environmental priority. So I believe that it's good concept, but the requirement for the 4-percent set-side should be dropped.

Senator DURENBERGER. Sister Mary Madonna, based on Minnesota's experience—can you indicate for us if there are certain provisions of the Safe Drinking Water Act that are either too complex or too burdensome or just plain unnecessary? Is that part of the problem in other States?

Sister MARY MADONNA ASHTON. My understanding is that the problem is primarily the State being willing to assume some of the financial responsibility. That's the problem.

Senator DURENBERGER. You also indicated that you had to take certain water systems off service and it would obviously be helpful if your people could provide us with some more information about that and about the chemicals that were involved. There is a real concern about ground water contamination. There are some folks in Washington that believe that ground water contamination problems need to be addressed or best be addressed at the State level. I take it you believe that there needs to be a much stronger Federal role in the area of ground water and, if so, would you indicate specifically why that is an important? If it's just a matter of States not having the money, we will let that stand, but if it is something more significant than that, then I would like to know.

Sister MARY MADONNA ASHTON. Would you like us to send you some of those examples? I know right now that it has a lot to do with having common standards for the entire Nation and being confident that as you move from one State to the next, that you as a person are going to be protected and that you don't have to worry about whether you are going over to Wisconsin or to New York or wherever. I think that's the main reason that we see common standards being developed around the United States is for the protection of the people.

Senator DURENBERGER. I think that's probably the best answer there is. If there is something more to it, then you can elaborate. I will get to each of you in writing the more specific information that will be helpful to us. I thank you all for your testimony.

We will move now to our panel of witnesses representing local government and they will speak with regard to the EPA wastewater construction grants program, which we did not get to at the Washington hearing because no budget reductions were proposed for fiscal year 1984. The program was recently reauthorized with significant changes to the program and this is our first chance to get a reaction of local officials to those changes.

Our witnesses today will be Mayor Avery Hall, of Waseca, Minn., who is also president of the Minnesota Coalition of Outstate Cities; Walt Johnson, the city administrator, Luverne, Minn.; and Mark Sather, city manager, Waseca, Minn.

You may proceed.

STATEMENT OF HON. AVERY HALL, MAYOR, WASECA, MINN.

Mayor HALL. Good morning, Mr. Chairman. I am Avery Hall, mayor of the city of Waseca. I am now serving my fourth term and have approximately 8 years in this elective office.

I am also for this year president of the Minnesota Coalition of Outstate Cities. I wish to state that I speak primarily for the city of Waseca, although I have a concern for all of our small cities in the State of Minnesota.

The issue of Federal aid to cities is nearly as complex as the budget and revenue sources from which it is provided. Since the beginning of large-scale domestic assitance during the 1950's, the annual Federal appropriation has grown to a level which most taxpayers find hard to support or impossible to justify. However, the solution to this problem is not likely to be the immediate or rapid discontinuation of such support to solve urban problems.

The city of Waseca does not wish to challege the impending cutback in Federal funding for construction of waste water treatment facilities in such a way as to imply criticism toward Congress or the United States or the President, placing fault at this level would be less than fair; reduced Federal spending is clearly the expressed desire of the majority. Further, the problem started over three decades ago and it should be recognized that nearly all Americans have favored increases in Federal expenditure for some purpose.

Many grants-in-aid programs were designed to solve problems which are indeed national problems and merit Federal assistance. A case in point is municipal wastewater treatment and its effect on our national water quality. No group of cities nor State, can solve the problem. It will require a national effort. While much improvement has occurred in the overall quality of our Nations water since the burning rivers of the 1960's. Example, Hudson River. Much more needs to be accomplished and attitudes regarding who pays for water quality improvement and who benefits may need to be carefully reassessed.

The city of Waseca could without State or Federal assistance finance construction of a wastewater treatment plant capable of purifying sewage to an acceptable level. However, the cost of providing such a plant would increase by five times the average sewer user fee for residents and businesses of the city. Some may say that is the cost of a clean environment and such costs are most appropriately paid by those who create the wastewater. This may be a strong argument if uniformly applied to all cities and all wastewater contributors. The contrary is true, however. In Waseca's case, we see cities all around us including Mankato, Austin, Albert Lea, Fairibault, Northfield, all of whom have received 90-percent State and Federal funding for treatment plant construction during the past decade and their sewer user fee need only recover the remaining 10 percent.

A disparity would occur if Federal support for treatment plants were discontinued at this time as the current and future residents of Waseca would be paying for this 90-percent differential for at least 20 years. This additional burden will financially affect every resident and could certainly serve as discouragement to potential commercial or industrial developers.

Whether residents should pay for such a plant through user fees or Federal income taxes may be academic, as is the question of whether the Nation would be in a better position had grant programs never evolved. Of greater concern to Waseca is whether it will be able to provide suitable quality wastewater treatment at a competitive and affordable cost. If reduced Federal support requires the city to totally fund its own treatment plant, costs of Waseca residents will not be competitive or equitable.

Most taxpayers seem to strongly support reduced Federal spending, but the budget cutting process is plagued by sacred cows and opposition by special interest groups to specific budget reductions.

However, while bringing Federal spending back to an acceptable level, the President and the Congress of the United States should consider the negative implication of immediate discontinuation or rapid reduction of funding for such programs as wastewater treatment and follow through on commitments made to cities over the past 11 years. Many Federal programs could, and maybe should be cut, but where commitments have been made and precedents set, a gradual phaseout would seem to serve all interest while reaching a balance between frugality and sound domestic policy.

And with your permission, Mr. Chairman, in the report entitled Fiscal Constraints on Minnesota—Impacts and Policies published in 1983, I would like to read a small excerpt.

Senator DURENBERGER. Sure.

Mayor HALL. In Minnesota, these changes in Federal policies will have the greatest impact on more than 400 small communities. Historically, much of the Federal moneys spent on sewage treatment since 1972 has gone to the State's largest cities primarily because their plants treat two-thirds of Minnesota's sewage.

Thank you, Mr. Chairman, for the opportunity to be here in front of your committee. I will be happy to answer any questions.

Senator DURENBERGER. Thank you very much. I appreciate that. Our next speaker is Walt Johnson.

STATEMENT OF WALTER JOHNSON, CITY ADMINISTRATOR, LUVERNE, MINN.

Mr. JOHNSON. Mr. Chairman, my name is Walter Johnson. I'm the city administrator of Luverne, Minn. Don't ask yourself—Luverne is a town of 4,600 people in the southwest corner of Minnesota approximately 20 miles from both South Dakota and Iowa.

The city I manage has been involved directly with the Environmental Protection Agency and the Minnesota Pollution Control Agency since, as they say in Luverne, "Moses was a pup!"

I arrived in Luverne about 2½ years ago from successfully managing two other cities' EPA assisted wastewater treatment plant efforts. I thought I had that part of my new job pretty well in hand.

Two months after I arrived, I was visited by two engineers the city had retained to study the feasibility, design, and construction of a new sewer plant in Luverne. According to the Minnesota Pollution Control Agency, Luverne needed an advanced wastewater treatment plant. According to the two engineers, the plant would cost $10 million. I must have appeared as cool as ice when that figure was mentioned. But it wasn't being cool because I was just struck dumb.

From the time of the first $10 million estimate until now, through the efforts of our engineering consultants, the Luverne advisory committee on wastewater treatment, and a bit of stubbornness on the part of my staff, the expected cost of wastewater treatment facility for the city of Luverne was substantially reduced.

In combination, the above events and actions reduced the potential expense of design and construction of a new plant to half its original estimate.

If it were up to me, I would eliminate the EPA funds entirely; here's why.

Elimination of the construction grant program will mean funds for construction will never reach Luverne. For the city administrator of Luverne, the loss could mean semiretirement.

Without the funds I won't ever have to worry about industry moving to Luverne.

Without the funds we can't expand our plant, nor can we hope to get the Minnesota Pollution Control Agency to act on our sewer extension request even if a new industry wanted to locate here.

Without the funds I won't have to worry about our deteriorating 25-year-old sewer plant.

Without the funds I won't have to worry that we are trying to treat 1.5 million gallons of sewage each day with a plant design for 500,000 gallons.

Without the funds I certainly won't ever have to fill out an NPDES permit on time. What agency will monitor us?

Without the funds I don't have to concern myself that the human waste we don't treat of Luverne ends up in Iowa.

Without the funds should I care if the water which runs off Rock County farmland, containing a high concentration of animal wastes, pesticides, or nitrate fertilizers ever gets into our water system?

Without the funds I'll never worry again that all the fixed income residents of our city will be affected by increased sewer use charges.

Without the funds I won't have to attend any more planning and zoning commission meetings. There won't be any new subdivisions built because of our old plant cannot handle what we now have.

Without the funds I won't have to listen to my wastewater supervisor's daily litany of operation and maintenance problems.

All in all, without the funds the 1984 budget proposal is going to make my life considerably easier. I will have no further responsibility.

Let met be a bit more serious. In many respects Luverne is no different than many other small communities. We have a 25-year-old treatment plant which is grossly overloaded. We have been involved with our wastewater treatment program for 12 years. We have a facility plan report before the MPCA awaiting review. We have been at the top of the priority list twice and at the bottom twice. Right now, we are ranked so low we could never be funded without a change in the program. Luverne discharges into the Rock River, a small stream which wanders through the southwestern Minnesota farming country which is mostly rocks. Because of the low stream flow, we have an advanced treatment requirement. A tertiary plant would cost this town of 4,600 persons about $10 million to build and another $280,000 per year to operate. Our residential sewer bill would have increased five times. Our one wet industry's sewer bill would increase from $1,900 per month to $24,000 per month. We just lost our largest industry due to economic conditions and we can't afford to lose another one.

In 1971, we had a study performed on our wastewater system. It cost us $5,000, but we were ready to proceed. Then Public Law 92-500 was passed and we were instructed to stop everything—wait for regulations! We waited! Regulations were passed and we dropped to the bottom of the list. We were instructed to wait until funding got down to us. We could not do anything on our own because it would not be grant eligible. Once during this time we tried to obtain a permit for sewer extension, but were rejected because our plant was overloaded—which is another story in itself.

Finally, 6 years after passage of the law we were told to proceed. We did, and the 201 facility plan report was prepared.

I recently compared the two reports. Both reports were prepared according to regulations current at the time. Both reports basically recommend the same type of treatment, and the same site. The differences between the two, other than the $85,000 to prepare the reports, are: Now twice as many treatment units are recommended to achieve duplication, the construction cost is many times greater, and it will take at least ten times more staff time to review the new report than the old report, 5,000, 85,000.

But, this project is not really complete yet. The report has not yet been reviewed by the MPCA. It will take several months to do so. Much of the information is no longer applicable. In fact, the facility plan would not even be required if this project were to start today. Yet, now that the report is filed, the MPCA staff will be required to perform a detailed review. The regulations require it. It must be frustrating to the staff to be required to perform such reviews, fully knowing that the report they are reviewing will not be implemented.

The purpose of this hearing is to discuss the EPA fiscal year 1984 funding and associated cuts to the water program. State regulatory agency administrators have previously testified that their staffs will not be able to maintain the same level of involvement on these projects if the proposed cuts are implemented. In Minnesota this cost reduction would be about 10 percent due to the EPA/MPCA cost split. If the EPA and MPCA are willing to implement the so-far rhetorical regulatory reform in the form of realistic project review, a 10-percent improvement in staff efficiency could maybe easily be accomplished. In Luverne's case, the improvement would be much greater.

For 10 years the citizens of Luverne have been building treatment plants for other cities all over the country with their tax dollars. Unless Congress establishes a construction grants program for years following 1984, many communities like Luverne will never receive a grant, simply because they did not fit the priority criteria. It simply is not fair. And, therefore, I encourage the Congress to maintain the construction grants program until all communities who have embarked upon this program in good faith will be able to complete their projects.

But some of the rules will have to change. This has already started. Gone are the delusions of zero discharge and treatment for treatment's sake. Practicality is prevailing. Let us join together toward implementing the next phase of the construction grants program geared toward implementing secondary treatment by utilizing practical solutions and commonsense.

Senator, thank you very much for the opportunity to come here.

Senator DURENBERGER. Walt, thank you very much.

Mark, go ahead.

STATEMENT OF MARK SATHER, CITY MANAGER, WASECA, MINN.

Mr. SATHER. I am the city manager for the city of Waseca. I would like to take a few moments to talk about the predicament that Waseca is in.

The wastewater treatment facility operated by the city of Waseca was constructed in 1952. It is a trickling filter plant which can be operated either as a single stage or two stage facility, designed for an average flow of 500,000 gallons per day. It is presently receiving approximately three to four times that amount thereby necessitating near constant bypass of essentially untreated wastewater.

In 1970, the city commissioned an engineering study to determine its wastewater treatment requirements and design alternatives. That study concluded that a two-stage activated sludge plant meeting the city's hydraulic requirements, both present and in the foreseeable future, could have been constructed at an estimated cost of $720,000. The effluent of that plant would have surpassed secondary treatment standards.

Shortly thereafter, the Minnesota Pollution Control Agency required the city to enter into a stipulation agreement necessitating compliance with tertiary treatment standards of 5 milligrams per liter and 5 milligrams per liter total suspended solids. This stipulation required additional engineering study which recommended fine screen tertiary treatment increasing the estimated cost of construction to $1.1 million. The city was advised of the availability of State and Federal fiscal assistance in constructing a treatment plant and was encouraged to apply for such assistance.

This course was taken and resulted in a 6-year waiting period to progress to a State priority level which would allow consideration of the city's application.

In 1978, the city was advised that additional study and documentation was necessary for reivew and construction of its application. The study required lengthy tests of the city's collection system to determine the extent of surface and ground water infiltration, calculation of the cost-effectiveness of measures to correct the infiltration and inflow, and preparation of a facility plan which would meet Federal requirements for the grant application.

This work was completed, received the required public review and comment, and was finally approved by the city council in January 1980. The report was submitted to the Minnesota Pollution Control Agency and the Environmental Protection Agency. A lack of agreement was then found between the two environmental agencies with regard to the need for the expensive tertiary treatment. At that time the estimated cost of the facility and repair of the collection system was $4.8 million. After 11 months of State and Federal review the report was accepted and the city was allowed to submit an application for final design and construction of the tertiary treatment facility. This application remains pending.

In the meantime, changes in the State's funding priorities lowered the city's ranking to 186 on the State's municipal needs list. To this date, through attrition, the city has progressed to 133 on the needs list.

During the past decade, which included 3 years of engineering study, costing approximately $370,000, the estimated cost of constructing a treatment facility designed to meet the city's hydraulic and effluent quality requirement has escalated from $1.2 million to approximately $5 million. This excessive cost has effectively precluded the option of facility construction without State and Federal assistance.

The city is currently faced with a dilemna which includes a proposal for even more stringent effluent requirements which are expected to cost an additional $2 million over current construction estimates, the ever apparent problem of operating a severely overloaded facility which does not meet the city's moral nor legal obligations and the likelihood of drastically reduced or eliminated Federal assistance. That is basically how we got to where we are today.

The matter of whether the city should construct a new treatment facility is not in question. There is no alternative but to do so. The prospect of constructing the mandated wastewater facility without financial assistance is not only awesome but would clearly cause a severe and inequitable hardship for the city of Waseca. As Mayor Hall has stated, during the prolonged period of waiting to proceed on the municipal needs list the city has seen treatment facilities constructed in the cities of Fairbault, Northfield, Mankato, Austin, Albert Lea, Rochester and several other cities in our region. These cities are within 50 miles of Waseca, have received combined State and Federal funding of 90 to 95 percent of the construction cost of their treatment facilities, and, most importantly, they exist as our competitors. We compete for residential and commercial development, and above all, we compete for precious industry to create jobs. Without Federal fiscal assistance, Waseca residents would be required to pay a far greater cost of wastewater treatment than residents of these cities and the city will clearly be unable to compete with these communities for economic development. Wastewater user fees cannot be overlooked as a major factor in industrial location. For a considerable portion of our State's industries this cost greatly exceeds property taxes. Without Federal assistance the city's cost for wastewater treatment would increase from the current $120,000 to approximately $810,000 per year after plant construction; and $600,000 of this amount would be necessary to fund debt service requirements. In contrast, or competing communities must finance only 5 to 10 percent of their plant cost through debt service as a result of their grants. The resulting wastewater user fees in Waseca would be seven times that of a city which has received a construction grant.

Being in a competitive situation not only these communities but those in the metropolitan area and neighboring States, Waseca would not only be unable to attract much needed jobs and economic growth, but face the strong likelihood of losing that industry which it currently has.

The city has been advised that requests to extend its existing sewer collection lines woud likely be refused by the Minnesota Pollution Control Agency until a new plant is constructed. Over the past 12 months both the public and private sectors of Waseca have worked in concert to prepare a comprehensive plan for economic development. Working with local industry, the Chamber of Commerce, the Waseca Development Corp. and the Minnesota Department of Energy Planning and Development, the community has defined various goals and objectives designed to retain its industry and attract additional economic development. Without authorization to extend its sewer collection lines, these efforts would be in vain. The critical path toward accomplishing each of the City's economic development objectives is blocked by insufficient wastewater treatment capacity. Again, the city must construct a wastewater treatment plant in the very near future, however, without financial assistance the economic disadvantage the city would be faced with may result in a loss of industry, a loss of jobs, a reduction in population and potentially the loss of need for waste treatment over capacity.

It is too late to change the rules and financial commitment for wastewater treatment construction without creating extreme inequities between cities which have received grants and those which have not. A commitment to help finance these facilities was made by the Federal Government years ago with adoption of the Clean Water Act and failure to meet this commitment may result in a wide scale economic injustice to those communities who have not yet benefited from this assistance.

Thank you.

Senator DURENBERGER. Let me zero in, if I can, on the heart of the problem here. There are probably a lot of other cities, I assume, in the same boat that you all are in, and it seems to me this one goes beyond the kind of issues we were talking about earlier. Here we are talking about what an individual economic and social entity is doing in competition with all the other entities and we made some national commitments to clean up water through wastewater treatment programs, and we came at it in a variety of funding ways and variety of regulatory ways and from time to time we apparently have changed the rules of the game as illustrated by Walt's book. To try to get to the heart of the problem, how much of this is a problem at the local level? We used to have 85 percent funding, now we have 55 percent funding, but you can be innovative and have some genius on your planning staff figure out a way to 85 percent money. I am not really clear on whether or not it's all our fault if we don't put enough money into the program, maybe some of the fault ought to be shared with some of the bureaucrats.

Mr. JOHNSON. I would like to put as much fault on everybody else that I could. At this point, the city of Luverne has some tentative plans to do it ourselves. It requests that the PCA leave us alone for a while and requests the PCA funds be shoved onto someone else. We were at the top 150 out of 470 communities a couple years ago for some reason down at the bottom now.

Senator DURENBERGER. Well, how can you be that kind of a yo-yo?

Mr. JOHNSON. I have been called that before. I know what you are saying, sir. I am not too sure. I am thinking it's better we did take a firm stand in Luverne to handle it ourselves. There were so many delays and so much expenses involved. Wastewater Advisory Committee says there is no way the citizens of Luverne are going to be paying this extra cost. We would go to our engineers and say you will cut it, you will cut it. Now, we think we can put it together for under $1 million ourselves. We have to do it ourselves.

Senator DURENBERGER. As opposed to a $10 million process.

Mr. JOHNSON. With the standards, this is what we have to deal with and there are a lot of "I's" and "T's" in this report. We think we can do it ourselves. We would like to get some help if the help were available. In this regard, though, we will do it whether we get the help or not. We do consider ourselves environmentalists. We do not like to send out untreated waste. Fifteen miles from us is the Iowa State line. Maybe we do need some Federal control in that regard. There is no answer except we have to force ourselves to ignore the larger bureaucracy and mess with our small bureaucracy.

Senator DURENBERGER. Mark, do you want to add to that?

Mr. SATHER. Just a couple of points. Walt mentioned there is a definite disparity within our States Unlike Luverne, I don't think that Waseca could afford to build a treatment plant anywhere near the quality that's necessary to meet our standards.

Mayor HALL. One of my council persons, in a moment of extreme frustration, suggested making an application to Moscow for foreign aid loan to take care of our plans. Of course, that's facetious. You just get so frustrated with it.

Senator DURENBERGER. I am sorry that we are running out of time. Thank you very much for the effort you put into this.

Next, we have our environmental panel. There are two witnesses today who have long been active in the environmental unit, Charles Dayton, attorney from Minneapolis, and Joe Grinnell, a former chairman of the Minnesota Pollution Control Agency. They are both here.

Welcome to the hearing. You have written statements and they will be made part of the record. If you want to summarize them. I don't want to limit your presentations because we went a little bit over on the others.

Go ahead.

STATEMENT OF CHARLES K. DAYTON, ATTORNEY

Mr. DAYTON. Mr. Chairman and members of the subcommittee, my name is Charles K. Dayton. I am an attorney in Minneapolis. For the past 12 years I have devoted a major portion of my practice to the environmental area and have frequently represented the Sierra Club, the National Audubon Society, and other national and local citizens groups, as well as some industrial clients.

During that time, I have had the opportunity to witness the creation and implementation of the Federal and State partnership in environmental regulations primarily from the perspective of a Minnesota environmentalist. Also, I had the privilege of teaching the course in environmental regulation at the University of Minnesota Law School in 1981. I am here representing myself but I believe I represent the perspective of the environmental groups generally on these issues.

My major message is that I urge you to do everything that you can to establish funding levels for the Environmental Protection Agency more adequate than those now being proposed by the Senate budget resolution.

Senator Durenburger, I appreciate your support in 1982 for Senator Moynihan's amendment which increased funding for Superfund and for the Environmental Protection Agency. It appears that a similar effort will be necessary this year so that the Senate funding levels will more nearly approximate those established by the House. So I urge you and the other members of the Senate committee to use your best efforts toward that regard.

I believe the administration has discovered that the consensus among Americans for continued strong protection of the environment is broadly based, and will not be dissipated in times of scarcity. Polls by the New York Times in September 1981, showed that a large majority of Americans support continued strong protection of the environment even if economic sacrifices are required. The Minnesota poll also in September 1981, found that two-thirds of those interviewed felt that protecting the environment is more important than economic growth, and four-fifths said that clean air and water are worth higher prices and taxes.

Faced with this strong support for the body of environmental law painstakingly built throughout the decade of the 1970's, the opponents of strong regulation recognize, I believe, that a frontal attack would be doomed. On the other hand, the same result can be accomplished by the lack of administrative action, which will follow from decreased levels of funding, decreased enforcement, less research, and fewer personnel.

A survey conducted this winter by the Sigurd Olson Environmental Institute at Northland College, Ashland, Wis., among residents of the Lake Superior region found that 73 percent of those interviewed are willing to pay a higher price for nonpolluting products and 60 percent would accept a lower standard of living in order to achieve a clean environment.

I would like to direct my remarks specifically to research and enforcement.

RESEARCH

The ability to regulate the discharge of many substances into the environment depends directly upon our knowledge of the impacts of those substances upon human beings. Where we are unable to identify the agents that cause harm or to identify the levels at which harm will occur, regulation is impossible. As a practical matter, the burden is on the Agency to demonstrate that harm will occur at a certain level from a particular substance.

The two longest environmental controversies in Minnesota, the *Reserve Mining* case and the regulation of sulfur dioxide levels, with which I am familiar, demonstrate this point. In reserve, scientific knowledge has not progressed sufficiently to demonstrate the level at which human health is threatened by exposure to fibers either in air or water. Thus the courts overruled the Agency's concern for the exposure of residents to fiber dust from Milepost 7. In the APCI hearings on sulfur dioxide, the scientific dispute over the impact of inhalation of sulfur dioxide on asthmatics and the uncertainty on that issue led the Agency to establish a 1-hour standard which is 10 times more lenient than proposed by 1 of the 2 leading scientific researchers in the area.

Research is particularly important in the toxic and hazardous waste area. In New Brighton, Minn. where wastes from the U.S. Army ammunition plant have contaminated ground water, the pollution was not even discovered until 1981, although it was undoubtedly present for many years earlier. Because the tests done on drinking water were not sophisticated enough to detect the presence of those particular chemicals. Now that we know they are present, we don't know what the effects of exposure have been or will be on human beings who have been drinking the water for 10 or more years. In air pollution, only a few of the toxic substances emitted by pollutants are regulated, and many others are not even measured or monitored at this point.

The more we find out about man's impact upon the environment, the more we need to know. The recently discovered acid rain phenomenon is a good example. Also, the human health aspects of pollution research are enormous, in a country where 1 out of 3 people can expect some form of cancer during their lifetime.

ENFORCEMENT

In my opinion, without strong enforcement strong environmental laws have little effect when an agency has an insufficient budget to monitor compliance or insufficient funds to prosecute violations. It is most difficult for agencies to cajole voluntary compliance in many cases, and the disparity is unfair to those industries that in good faith seek to comply without the threat of a lawsuit. Thus, reductions in funding have the insidious effect of producing more pollution, without changing the laws and regulations. An example in my experience in Minnesota is the State PCA's inability to persuade the Brainerd International Raceway to comply with the Agency's noise regulations. The prior director of this Agency and its Board direted the staff to negotiate a stipulation with the raceway, but conveyed the impression that failure of compliance would produce no adverse impacts to him. Accordingly, productive negotiations have been impossible even though Agency staff have tried hard for more than 2 years. I believe the same phenomenon occurs in cases where industry perceives that the Agency is not willing or does not have the resources to pursue vigorously the compliance monitoring and enforcement.

Recent events underscore the need for adquate funding. The new administrator of the Environmental Protection Agency appears to recognize the need for increasing the staffing level of the EPA. Here in Minnesota, the legislature is currently considering a State Superfund bill which will provide additional authority to the Agency for clean-up and enforcement activities in the hazardous and toxic waste area. In addition, the Agency's permitting responsibility for new solid and hazardous waste facilities now being located pursuant to the State's 1980 Waste Management Act must be adequately funded to instill public confidence that the wastes will be properly handled. In addition, new methods of waste disposal such as bedrock disposal are being urged as possible alternatives to traditional land disposal, and the study of those alternatives will require additional funding.

Thus, I would urge the members of the subcommittee to support an increase in what I understand to be the present Senate budget resolution for EPA funding, and to support funding for State environmental program grants at at least the 1982 levels.

Mr. Chairman, I am submitting for the record two papers on this subject. One, 'The Impact of the Reagan Budget Cuts on Minnesota's Environmental Quality" by Bill Clusen, a member of the Northstar Chapter of the Sierra Club and a professional planner with 5 years of experience with the Wisconsin Hazardous Waste program before joining the Minnesota State Planning Agency. Second, "Fiscal Constraints on Minnesota—Impacts and Policies: Budget Cuts and Environmental Problems" by Nancy Walters, a publication of the Center for Urban and Regional Affairs at the University of Minnesota. Both of these papers are directly relevant to the issues now being considered.

Senator DURENBERGER. Those will be made part of the record. I appreciate it very much.

Joe.

STATEMENT OF JOE GRINNELL, CHIEF COUNSEL, INVESTORS' DIVERSIFIED SERVICES

Mr. GRINNELL. Good morning, Mr. Chairman. Thank you very much. I will be happy to summarize a statement that I don't have. My name is Joe Grinnell, chief counsel for Investor's Diversified Services. I am an attorney. That means I can put a J.D. after my name, and I only say that because I am also entitled to put an R after my name. That means almost retired.

I have served on this board for 7 or 8 years and I come from the business community so maybe I can give a little slant that hasn't been said until now.

I feel comfortable with what's been said because it all coincides exactly with what I would have prepared were I on that side. We are talking about what can we expect from a 26-percent reduction in a Federal grant program and I would like to talk in terms of words like continuity and predictability and uniformity, efficiency, cooperation and momentum. Those are the things that I thought were important.

No. 1, business is better able to operate under circumstances when it can forecast with some kind of comfort and some kind of certainty. If you can tell what your capital needs are and what kinds of money you can afford to borrow, what your employment levels will be, and precisely if you want to budget particularly for what your pollution control expenses will be, you can do it more comfortably, you can do it more effectively, and you are much more willing to do it if you do it in a context of a continual program, if you know what's happening so that you can make your alternative plans and get your revenue stream to support what you are trying to do. It isn't so bad to back off and not do something that you budgeted for, but when you want to try and re-institute that program 3 or 4 years later on, you are going to go right through the same problems of setting it up in an uncertain world and to the extent business can avoid that, we can be of much more help and, of course, we want businesses to be successful and productive because that's what creates all the wealth that we have got to use to do these programs in the first place.

Uniformity occurred to me and we talked about uniformity not only in terms of time, but this year will be roughly like next year and the year thereafter so that you aren't jumping around.

You used the word "yo-yo," Mr. Chairman. There is another element of it, too, which has been referred to and that's continuity and uniformity in terms of place. You don't want to get into this competition between the States. You don't want to run a business in which operations in Minnesota are terribly different than they are in some other State. It's tough to operate that way and it isn't an effective program.

The third item I talked about, I started out using efficiency. Perhaps it's a better word to say you just need the troops. If the business needs a permit to do the operation, you better have the troops to issue a permit and issue it effectively and issue it quickly. Sitting on the Board, I saw lots and lots of instances in which a business was perfectly willing to do what had to be done in the permit, but you have a long, detailed process to go through. You better have somebody there who is knowledgeable, but most of all has the time to do the work that the Agency has to do that you can go on and get the permit.

Then, there is inspection. You can't spot check. You can't come around and check every 10 years. You have got to have an ongoing effective program.

I made reference in my notes to baseline studies. I think Chuck made reference to that. If you are going to do research, if you want to know where you are going to go next with the next program, if you want to make any sense of it at all, you have got to have the facilities to get the underlying data that you need to make an intelligent decision on. Enforcement follows into the same program.

The only other thing I would suggest is I was trying to think of why do we sit here and say we want to keep our programs going at the same level or even increase them. What about all the other programs? I don't think anybody has the luxury of spending all the money you need for every program, so why should we keep these programs going and sacrificing something else? Two thoughts occurred to me there. One, if you stop an effective pollution control program in any of its aspects, you don't just stay level. You can't just pick up 2 or 3 years later and go back at it. You lose ground. You go right back down to the degradation of the environment and the atmosphere you have been trying to avoid in the first place.

The second point I would try to make is I think over the last recent years we have developed a larger contingency in the business community than a lot of people give credit for. I think businessmen by and large have accepted these values. I think they want to do them. I think they—it's a little bit like when I was first married, we applied for a telephone and there weren't enough instruments to go around. You had to wait in line. As long as everybody felt that was all right, that they would wait in line with everybody else, fine. Then, people waited. As soon as the crack started to show that if you called your Congressman or you called the Senator you could get a telephone quicker, it sort of disintegrated. I don't think we want to lose that. We are developing this and I think we want to enforce it. The way you do that, I think, is you keep a continual program, keep the pressure on a little bit, keep everybody working on the same level and cooperating. I think we will get a lot more out of the business community by a sense of cooperation than we will by dragging them along.

Thank you.

Senator **Durenberger**. Let me make an observation and thank both of you for your testimony. When we started this hearing today, we were trying to put this whole Federal, State, local hearing in some kind of perspective and to achnowledge that there are certain things that the National Government has a responsibility to in this area like research and development and standard setting. When you get into planning and enforcement, obviously you are in areas where we accept the notion that it's much better done in Waseca and Luverne and places like that. But, that doesn't mean that those places have the physical capacity in every case to do it. I think those communities illustrated that very well today. So while you can agree with the notion that some of these things are done much better at the local level, I hope that what we have done with these very good witnesses from Minnesota today is to show that we have a lot of work to do in developing the right sense of partnership and that if, for no other reason than the substantial disparities that exist in solving highly costly inferstructural problems, the disparities that exist in this country today between States and even within States, and between communities, are very substantial. We are trying to make up for a lot of lost time, whether it's in water or air or transportation or housing or a whole host of things. The cost of doing that accentuates the disparities that exist between the Dakotas and Minnesota or within the State, and sometimes you can get lucky. If you are a regional administrator, then you can get all the money moving up toward that end of the State, but that's a temporary phenomenon. One of the things I feel strongly about is when I talk about the physical disparity issue is that this is so important whether it's air or water. As Sister Mary Madonna said, you got to know when you are in Wisconsin if you are living with the same general standard when you turn on the tap. You know, it is an incredibly important national responsibility that we have recognized. We got the ball rolling and there is no way we can stop it halfway through the process.

I am grateful to all of the witnesses today for adding an important practical dimension to the budget deficit. I am grateful that nobody picked on the defense budget. That leaves me to do that for you. Not one of the witnesses made the statement, "Well, all the money is going to defense." I think everyone of the witnesses testified in a very practical sense.

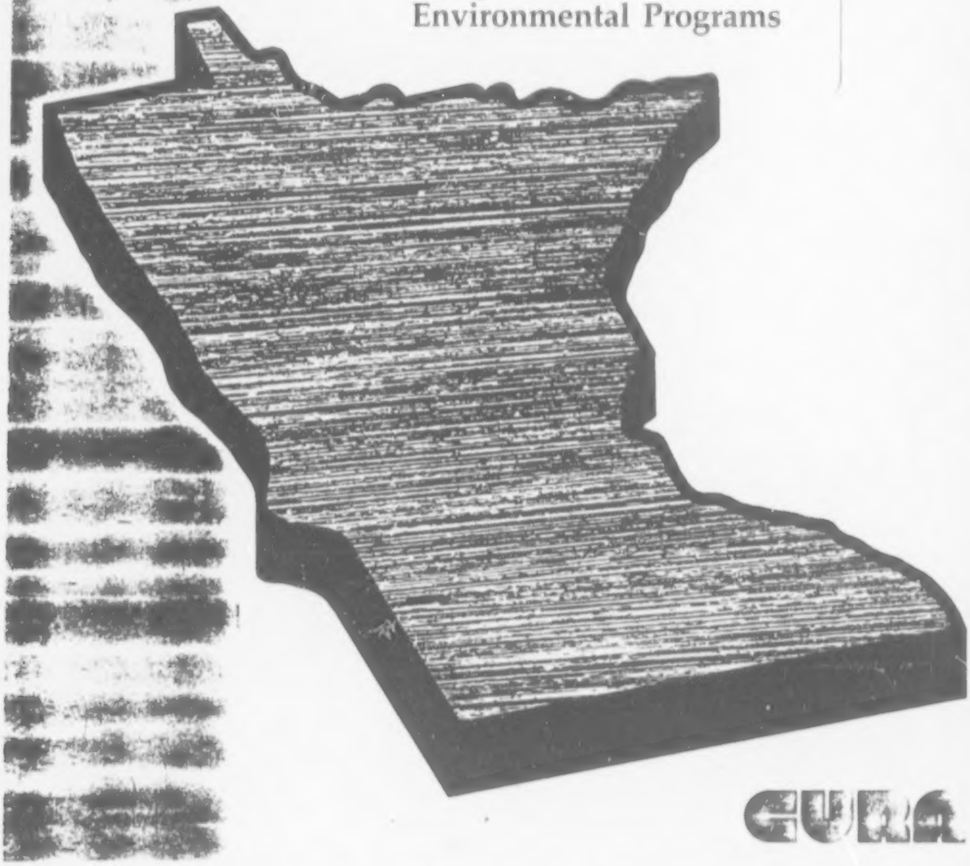
I appreciate everyone's testimony. Unless somebody has something that I have overlooked, we will declare the hearing adjourned.

[Whereupon at 11:40 a.m. the hearing was adjourned, to reconvene at the call of the Chair.]

[The material submitted for the record by Mr. Dayton follows:]

Fiscal Constraints on Minnesota— Impacts and Policies

Budget Cuts and Environmental Programs



CURA

FORWARD

This report is the second in a series of CURA reports which examine the impacts of new fiscal constraints on Minnesota. The author, Nancy Walters, was a graduate student in the Hubert H. Humphrey Institute of Public Affairs as a Bush fellow during the writing of the report in the summer of 1982. Professor Dean Abrahamson of the Humphrey Institute provided ongoing guidance for her work.

The overall CURA project, of which this is a part, began in the spring of 1981 in response to the new fiscal constraints that Minnesota is now experiencing. The overall purpose of the project is to construct an accurate picture of the current situation in Minnesota and to explore constructive policy alternatives in response to the problems the state faces.

The first report in this series (Fiscal Constraints on Minnesota Impacts and Policies) is a comprehensive look at the last two years of changing fiscal relationships and resulting policy changes. It is titled Economic Conditions and Changing Government Policies. A third report exploring state policy issues emerging from the current situation will be released this spring.

The overall CURA project is being conducted with involvement of faculty from a variety of disciplines within the University who have research or teaching interest in the topic. These include members of the Hubert H. Humphrey Institute of Public Affairs; the Schools of Social Work and Public Health; and the Departments of Economics, Geography, Political Science, and Agricultural and Applied Economics.

Project Manager
Thomas L. Anding
Associate Director, CURA and
Director, CURA Outreach Office

THE SHIFT FROM THE "DECADE OF THE ENVIRONMENT" TO "THE DECADE OF THE MARKETPLACE"

Ten years ago environmental efforts in Minnesota and the rest of the United States had a completely different character from the present adversarial roles taken by the environmental community and some government officials. On the first Earth Day, April 22, 1970, thousands of Minnesotans demonstrated their intense determination to end the degradation of the environment. This was the beginning, in Minnesota as in the rest of the nation, of what many called the "decade of the environment." The years from 1970-80 saw the passage of several significant pieces of legislation protecting air, water, land and wildlife resources.

As the 1970s came to an end, industry officials and some political figures adopted a commitment to eliminate "excessive" federal regulation of business and industry. The development of this industry-government coalition gave support to Ronald Reagan in the 1980 presidential campaign. When, on 4 November 1980, he was elected, many people say the environmental decade ended.

Although candidate Reagan spent little time discussing his environmental views, they quickly became apparent as his term in office proceeded. Funds for environmental research and enforcement were reduced. Federal lands were opened up for mineral exploration and mining. Numerous environmental regulations proposed or issued by the Carter Administration were postponed, weakened or killed.

The Reagan Administration justified its policy changes on the grounds that protection of the environment, while important, must be balanced against other national goals, particularly, economic growth and the development of energy and other vital resources. Several consistent arguments are offered to demonstrate the need for this balance:

- Cost/benefit - the economy is suffering too much for too little environmental benefit.
- Energy - national security requires more energy production from domestic sources, particularly oil, natural gas, coal, and nuclear power.
- Budget - the nation can no longer spend so much for enforcement; nor can it afford to fund certain projects.
- State's Rights - environmental enforcement is primarily a responsibility of states and localities, not the federal government.
- The Economy - environmental rules cause inflation and unemployment.

- Regulatory Reform - regulations are too prevalent and burdensome, not only for environmental protection, but in all areas of American life.[1]

Proponents of these policy changes promise that the changes will lead to a more efficient system of environmental protection at much less cost. But critics warn that basic environmental services are being eliminated and, secondly, that Reagan policies are destroying the federal environmental machinery with no guarantees that the states can or will pick up the pieces.

Among the basic environmental services of increasing concern to the environmental community are the research and informational services normally provided by federal agencies like the Environmental Protection Agency (EPA) and the Council on Environmental Quality (CEQ). The reduction in both collection and dissemination of environmental data is "one of the most worrisome new directions of federal policy," stated Conservation Foundation President William K. Reilly in the Foundation's "State of the Environment, 1982" report. The report noted that the Administration has proposed a cut of almost 40 percent in EPA's research for 1983 from its 1981 level. This cut is perceived as an attack on the nation's "informational base for environmental policy."

"Because of budget cuts," the report concludes, "the information base for environmental policy, always weak, is likely to be even weaker in the future. We will be less able to sort out important problems from unimportant ones, less able to tell which environmental programs are working effectively and which are not. Perhaps most important, the perennial dilemma of whether available information is sufficient to justify action will become more pervasive and difficult."[2] With this lessening of input and support from the federal environmental agencies, the work of state agencies will be of greater importance.

The federalism concept, always a key part of the nation's environmental protection system, takes on new meaning for the states with federal cuts in aid and changes in attitude. Under the major federal statutes, dealing with air, water, solid and hazardous wastes, and surface mining, the states have the option of running their own programs with federal assistance. So far the states have varied considerably in their willingness to administer these programs; the determining factors have been local industry pressures, public support of environmental protection and the attitudes of the bureaucrats at the Environmental Protection Agency and the Interior Department. Changes in the EPA's bureaucratic attitudes, federal budget cuts, and the resultant institutional shrinkage and high attrition rate could significantly diminish the agency's potency by the end of this year. An article in the National Journal concludes that "ready or not the states and cities may soon have to administer and pay for the major environmental programs because the EPA of the 1970s will no longer be around."[3]

MINNESOTA'S RESPONSE TO THE ENVIRONMENTAL DECADE AND THE BUDGET CUTS OF THE 1980s

Preserving the quality of Minnesota's environment has been a major state effort from the mid-1960s through the 1970s. These efforts resulted in the passage of several key environmental acts, the creation of specific state agencies to monitor and ensure environmental quality, and the general enhancement and awareness of Minnesota's environmental quality.

Yet in spite of these efforts, many of the problems that existed a decade ago in the nation and Minnesota, still exist today. As stated at the University of Minnesota's Earth Day - 1980 observance by Robert Harris, a past Chairman of the Council on Environmental Quality, "The more we know, the more problems we find, it almost seems. And so during the decade of the 1970s we've not only achieved success in cleaning up air and water pollution around the country in various places, but we've identified problems that will confront us in the years to come, perhaps even more difficult to deal with and solve than some of the air and water pollution problems that we had in 1970."[5] These new problems include the disposal of hazardous wastes, sulfur dioxide from industrial exhaust combining with water at high altitudes to form acid rain, carbon dioxide building up from the burning of carbon fuels with the possibility of overheating the atmosphere and changing our climate, underground aquifers starting to run dry from over irrigation, and groundwater absorbing chemicals from old waste dumps.

These problems seem to have taken a subordinate position to economic concerns, federal budget cuts, inflation, and rising costs. In particular, federal and state budget cuts have affected virtually all of Minnesota's government services and programs. Federal spending cuts mean that the state will do without approximately $200 million of expected income during the two year period ending in 1983.[6] Most of this money funded programs of local governments. These local governments must now decide whether or not to pick up the funding at a time when they already have budget problems. Because of state financial problems, similar decisions have been handed to state agencies. In this biennium, state agencies were required to reduce their budgets by an average of 12 percent to accommodate projected income reductions. Certain state agencies with high priority programs were exempted. This forced other agencies to cut as much as 14 percent from their biennial budget.

State legislators, leading the process of allocating the state budget, may not have a handle on what the federal cuts in environmental areas will mean. They may be unable to forsee the subtle, long term implications, or may feel pressured to address other financial problems. In assessing the current attitude toward environmental programs in Minnesota, Senator Merriam, Chairman of the Agriculture and Natural Resources Committee, commented, "I don't think it is so much a loss of interest (in environmental programs). One of the problems with doing those types of programs is that they are more long range and as a consequence it is the type of thing that you can cut out and not notice the difference tomorrow or the next week. That is our problem in the environmental area. You're talking about longer range efforts and typically whenever you have a retrenchment like we have had at the federal and state level over the last couple of years, the short range problems take precedence over the long range problems."[7]

CURRENT PUBLIC ATTITUDE TOWARD THE ENVIRONMENT

Recent polls indicate that Americans have considerable interest in and strong feelings about environmental issues. A September 1981 New York Times/CBS News Poll showed that a large majority of the American public supports continued strong protection of the environment even if it requires economic sacrifices.[8] Better than two out of three of the people questioned agreed that "we need to maintain present environmental laws in order to preserve the environment for future generations." Fewer than one in four felt that "we need to relax our environmental laws in order to achieve economic growth."

When confronted with a specific alternative, keeping air pollution laws "as tough as they are now," even if "some factories might have to close," nearly two-thirds of the poll's sample of 1,479 Americans of voting age said they would keep the law tough.

The Minnesota Poll, started by the Minneapolis Tribune in 1944, measures the opinion of Minnesotans, 18 and older, about public issues and the quality of their lives. A poll of 1,200 interviews during late September, 1981, indicated that nearly two-thirds of those interviewed said protecting the environment is more important than economic growth--even if the effort slows the economy and costs some jobs. In addition nearly four-fifths said that clean air and water are worth higher prices and taxes.[9]

Environmentalists contend that the Reagan Administration, to please its constituents in industry and the Republican right, would like to weaken or eliminate many of the antipollution laws; but it fears to do so because the above public opinion polls show exceptionally broad support for the laws. Instead, conservationists charge, the EPA administrator and other Reagan environmental aides are seeking to accomplish the same goals by administrative action--or inaction.

This discussion suggests that the public perceives a need for environmental regulation and enforcement, and that there is significant concern that they may be compromised by current federal policies. The information that follows shows how state agencies responsible for maintaining environmental quality have been affected by budget reductions and changes in regulatory climate. The choice of agencies examined was based on their responsibility for implementing some of the landmark environmental legislation of the 1970s or other recent state environmental statutes.

MINNESOTA POLLUTION CONTROL AGENCY[10]

The Minnesota Pollution Control Agency (PCA) was established in 1967, replacing the Water Pollution Control Commission, which had been operating since 1945. The agency was given all the powers and duties of the commission and was additionally directed to establish air quality standards and make recommendations on solid waste disposal and land use. In 1969 the legislature increased the agency's water pollution standards and regulations for the collection, transportation, and disposal of solid waste. Over the years, additional responsibilities have been added, such as noise pollution, the control of packaging, and toxic and hazardous waste disposal.

The PCA administers these programs in direct partnership with the U.S. Environmental Protection Agency (EPA). Under the terms of the partnership, the EPA provides funds to PCA to develop the federally mandated programs in the areas mentioned above. These federal funds accounted for 45 percent of PCA's 1981-83 biennial budget. The critical component of this arrangement is EPA's establishment of minimum federal standards. The EPA cannot operate an effective environmental program on the national level without state level implementation; and the PCA cannot effectively control pollution without a strong federal presence through both funding and basic regulatory standards.

Federal budget cuts in the program areas administered by PCA for fiscal year 1983 are estimated to range from 16 percent for hazardous waste management to 20 percent each for air and water quality. Cuts in wastewater treatment construction grants, the largest element of the EPA's grant to PCA, dropped from over $78 million in 1981 to under $33 million in 1983.

The PCA currently employs approximately 320 people, the majority of whom are pollution control experts with scientific training. Over the last year, nineteen positions were lost with state and federal budget cuts. Seven more positions will be lost by June of 1983. If possible, these people will be transferred to other vacancies in the agency. If the federal government or the state further cut PCA's funding, layoffs may have to occur. In the late 1970s the PCA was allocated its largest number of employees, 375. Some of these positions were never filled, and during that time the highest number of persons actually employed by the PCA reached 350.

Because of budget cuts, the PCA has been more conservative in publishing material. The budgetary limits on filling positions have eliminated some staff that would have been producing material for publication. More significant than a decrease in their own publications, however, the PCA has been affected by EPA's drastic reduction in their number of publications. The PCA depended on EPA's material for updating their staff and for providing educational information to the public. Many EPA publications are now out of date.

U.S. EPA GRANTS TO MINNESOTA POLLUTION CONTROL AGENCY*

Program	FFY 1982	FFY 1983	Dollar Reduction	Percent Reduction
Hazardous waste	$ 501.0	$ 420.1	$ 80.9	16
Air quality	1,378.0	1.102.4	275.6	20
Water quality (106)	1,010.0	808.0	202.0	20
Wastewater construction	44,858.0	32,964.0	11,894.0	27

*in thousands of dollars

Source: Minnesota Pollution Control Agency, based on U.S. EPA estimates of administration funding request prior to action by the Congress.

PCA's WATER QUALITY PROGRAM

The construction grants program for wastewater treatment is the centerpiece of the PCA's municipal wastewater treatment program. Grants for wastewater treatment plants are made to local governments in accordance with a PCA priority list and are dependent on the level of available funds. The second major component in PCA's water quality program includes monitoring, enforcement, and permit issuance; effective completion of these activities is dependent upon staffing and research.

The effort to clean up U.S. lakes and streams, the federal government's largest pollution control program, was first administered by the water quality division under a system of federal grants to aid communities in building treatment plants. The program was furthered by the Clean Water Act, an act designed to end most forms of water pollution and generally make the nation's lakes and streams "fishable and swimmable." The federal government provides 75 percent of the cost of building municipal treatment plants. In Minnesota the state pays 15 percent of the remaining cost, and local governments provide 10 percent of the cost.

Although total expenditures have been great, much more is needed to meet national goals. From 1972 through 1981 Congress appropriated more than $35 billion for the program. Minnesota's share was slightly less than 2 percent, but that amounted to $609 million in federal funds that the state has received and spent on the program. The contributions of the state and local governments have brought the total expenditure to more than $804 million. Still, according to PCA officials, Minnesota needs to spend an additional $832 million for new or improved treatment facilities to meet the national goal.

In the face of this need, the total amount of federal construction grants has been cut, and the local government's share of funding sewage systems has been increased. In fiscal year 1981, $4.2 billion was appropriated by the federal government for wastewater construction grants; this figure was decreased to $2.4 billion for the fiscal years of 1982 and 1983. Minnesota's share of this dropped from $78.5 million in 1981, to $44.8 million in 1982, and $32.9 mllion in 1983. The 1981 amendments to the Clean Water Act by Congress will drop the present federal level of funding from 75 to 55 percent starting in October 1984. Louis Breimhurst, the PCA's executive director said, "Unless the Legislature decides otherwise, the state's share will remain 15 percent. Local governments will have to provide 30 percent of the cost."

In Minnesota, these changes in federal policy will have the greatest impact on more than 400 small communities. Much of the federal money spent on sewage treatment since 1972 has gone to the state's largest cities, primarily because their plants treat two-thirds of Minnesota's sewage. With the new changes in federal policy, most of the 400 projects for which federal money is being sought won't receive such funds. The substantial cuts in funding for this program will mean delay, indefinite postponement, or even abandonment of clean water for the state's rivers and lakes. For example, with the federal fiscal year 1982 almost over, the funds for construction grants were only recently appropriated. Decisions on which communities will receive funding have yet to be made.

In addition to funding cuts, PCA's wastewater program is further hindered by the procedural detail now required by the EPA for issuance of construction grants. Although the federal government now claims it has eliminated inflexibility for the states, in fact, it has substituted more inflexible and more resource intensive requirements. For example, the PCA must now prove that investments in a specific wastewater treatment project will have beneficial results. While this requirement may sound reasonable on the surface, establishment of such proof is extremely demanding in terms of time and dollars. It limits the ability of PCA to obligate construction funds, and makes it likely that even fewer rivers and lakes will be clean. In combination with staff reductions due to budget cuts, it means that fewer communities will receive PCA professional assistance in developing their wastewater treatment systems.

Besides issuance of construction grants, the PCA's staff will have to cut back on other waste water management activities such as ambient compliance monitoring, permit issuance, pretreatment, and toxic discharge control. The cutback in monitoring could jeopardize enforcement efforts, since monitoring tells the PCA when pollution regulations are violated. The cutback in permit issuance will, no doubt, lengthen the time it takes for new industrial projects to be permitted. Ironically, this delay will confound economic growth, one of the prime objectives of the present administration. Russell Susag, 3M's Director of Environmental Operations, indicated that delay in permit application is one of the most immediate and obvious results when state and federal agency staffs are reduced. Susag also stated that "with the business economy down, we're not submitting as many permits."[11]

Cutbacks in research complicate PCA's renewal of previous permits, given to industries five years ago. When the original permits were issued, PCA and EPA assumed that stronger limitations on toxic chemicals and conventional pollutants, based on more current research, would be developed by the time the permits expired. Now, because of cuts in research and staff at the national and state level, these reissued permits will be the same as the original ones. Thus, fulfilling the Clean Water Act requirements that industry meet the best available technology economically achievable by 1984 may be delayed.

PCA's AIR QUALITY PROGRAM

PCA's response to air quality problems has been jeopardized through budget cuts affecting enforcement and new programs.

Federal funds for air quality in Minnesota are projected to be cut 20 percent for fiscal year 1983; with a deficit-induced cut of 20 percent in the state's contribution, the program would then lose 20 percent of its 1982 funding. This cut will be accommodated by spreading the burden over most elements of the air program. For example, permitting of small emission sources will stop, while permitting time for new and existing facilities will increase, essentially slowing down the development process. Compliance inspection will be less frequent, and the possiblility that monitoring systems will break down should increase, thus jeopardizing enforcement. The ambient air monitoring activities of local air quality facilities in St. Louis County, the Rochester area, and St. Cloud will lose funding. The PCA will also cut back on "anti-tampering" and fuel switching enforcement; no check will be made on automobile owners who remove emissions control equipment and use leaded fuel inappropriately. In sum, the PCA will find it more difficult to build an effective enforcement case because the necessary building blocks, monitoring and inspection data, may be deficient.

A second, more troublesome problem is the need for the development of new programs to address emerging air quality problems. For example, the agency does not currently deal with toxic emissions from pollution sources which are otherwise regulated. The state needs a broad-based toxic emissions control policy and programs to deal with existing sources (e.g., toxic vaporization, electro-plating, hydrocarbons, etc.). More importantly, policy development is needed in anticipation of the day when incineration will be the final disposal technique for hazardous wastes. Unless the PCA can develop a comprehensive program which identifies the scope of the problem, the appropriate rules and procedures, and the staff capability, the agency will have to approach toxic emissions on a case by case basis. As an example, the PCA would have been in a much better position to judge the recent proposal of the Northern States Power Company (NSP) to incinerate waste containing polychlorinated biphenyls (PCBs) at the NSP High Bridge plant in downtown St. Paul, if a toxic emissions control program had been in place. As it stands now, NSP withdrew the proposal after a great deal of local pressure developed over the proposed burning. NSP will continue to ship PCB waste oil to a federally licensed facility in Eldorado, Arkansas.

Weaker federal standards encouraged pressure from business and industry lobbyists to change Minnesota's higher standards for two air pollutants, ozone and sulfur dioxide. The Minnesota Association of Commerce and Industry (MACI), which represents about 3,700 businesses, asked the PCA board to ease air standards, arguing that the rigid standards were unnecessary to protect public health and, if enforced, would place an unfair economic burden on businesses. The board voted overwhelmingly on August 4, 1982 to relax Minnesota's restrictions on ozone to the level sought by MACI. It was the first time in ten years that the citizens' board of the PCA had eased the state's ambient air quality standards.

The vote on sulphur dioxide standards was delayed. The sulfur dioxide standards are considered particularly important by environmentalists because that pollutant is one of the prime constituents of "acid rain", a form of air pollution that is harming aquatic life in northern Minnesota lakes. Sulfur dioxide also aggravates respiratory problems, particularly the problems of asthmatics. Because sulfur dioxide is generally considered to pose a greater threat to health and the environment than ozone, the sulfur dioxide decision is considered more critical.

PCA's HAZARDOUS WASTE PROGRAM

Hazardous waste management is suffering in a number of ways. Although the state's grant from EPA is projected to be cut 16 percent--a smaller figure than the 20 percent cut for air and water--the cut must be viewed in light of the need to fund two rapidly expanding hazardous waste responsibilities of the PCA. The Minnesota Waste Management Board is in the process of identifying hazardous waste processing and disposal sites. The Board must identify six potential sites for a land disposal facility. The PCA's staff is charged with developing environmental impact statements and permits for each potential site, a very time consuming and resource intensive task. Secondly, the PCA is nearing the point in its hazardous waste program where permitting of waste management facilities will require an increase in staff. Yet the cuts in federal and state funds mean that the additional staff needed cannot be hired. According to PCA officials, the permitting task may take decades. Meanwhile, unpermitted facilities could threaten groundwater quality, as past facilities are now doing throughout the state of Minnesota.

Budget cuts for hazardous waste must also be viewed in light of the elimination of funds for solid waste management.

The hazardous waste program is additionally suffering from reduction in research funds. As mentioned earlier, research is needed to examine alternatives to land disposal of hazardous waste. Another critical concern is to determine an acceptable risk for drinking water standards. Hazardous waste, now disposed in landfills, presents the greatest threat to groundwater and drinking water supplies. Research funds, which have been reduced, are essential if Minnesota is to prevent even greater hazardous waste problems in the future.

OVERALL EFFECTS OF BUDGET CUTS

In conclusion, the budget reductions that PCA must face have caused concern about the future quality of air, water and land resources in Minnesota. Federal funding reductions are not easily absorbed by the state despite EPA claims that they can be offset by greater local flexibility.

- The EPA says that greater flexibility in federal requirements on the PCA should make up for budget reductions. In fact, the EPA has exchanged greater flexibility in some areas for more inflexibility in others, such as the additional resources that must be devoted to accomplishing EPA's increased paperwork objectives. Flexibility is seriously compromised by the decrease in federal assistance. In the case of Minnesota, the PCA must make up for cuts in some program areas by limiting growth in others.
- The EPA assumes that priorities can be reset, procedures streamlined, and funding cuts absorbed with little pain. In Minnesota much of this work has been done since regulatory procedures and priorities are critically reviewed on a regular basis. With further budget reductions, the process of absorbing existing programs and eliminating staff positions is slowing environmental protection efforts. The EPA has ignored the fact that the PCA has been operating under strict budgetary restrictions for several years.
- The EPA assumes that some PCA programs are firmly in place, permitting funding for development to be cut with implementation taken over by the state. In fact, some of PCA's responsibilities will require more staff, the principal item in the agency's budget in the near future.
- The EPA suggests that PCA could raise revenues for pollution control by levying fees on applications for permits. The PCA, after studying this proposal, concluded that it would be impractical because of the additional staff and overhead required for fee collection.
- Funding for research on pollution sources and impacts has been cut by EPA. These cuts are insidious, since this research forms the basis for state regulation and identifies the nature and severity of new pollution sources.

THE WASTE MANAGEMENT BOARD

The Waste Management Board (WMB) was created by the 1980 legislature to oversee state programs for effective long-range management of Minnesota's solid and hazardous wastes. The board is responsible for the development of a State Hazardous Waste Management Plan and for the siting and/or promotion of a variety of hazardous waste facilities. The board's responsibilities are of limited scope and duration, and under the 1980 Waste Management Act the board will cease to exist in June of 1987. The board is required to select at least one site for a hazardous waste disposal facility, or "secure landfill," by summer of 1984. Minnesota currently does not have an approved, monitored facility for the secure containment of hazardous wastes. Industries which generate hazardous wastes are required to ship wastes out of state to licensed disposal facilities. The most recent estimate of Minnesota's hazardous waste generation, used by the WMB, sets the state's annual total at 150,000 tons. Because many of the estimated 4,000 generators in the state have not been recorded, that estimate involves some extrapolation.

The Waste Management Board's primary solid waste management responsibility under the Waste Management Act is promoting alternatives to landfills through an $8.8 million grant and loan program available to local governments. The board also oversees the establishment of Solid Waste Management Districts, where two or more counties have determined that cooperation in solid waste is desirable or necessary in creating a resource recovery facility, or jointly using and operating a landfill.

The Waste Management Board has an operating budget of approximately $1 million a year to fund a staff of twenty-two and nine board members paid on a per diem basis. The board was not directly affected by federal budget cuts because its activities are all funded by the state.

WMB's HAZARDOUS WASTE PLANNING

Although the WMB has not been affected by federal budget cuts, the board has been affected indirectly by recent federal actions. The board is affected by EPA's incomplete regulations on some issues, including differences between EPA's and PCA's standards. An example is the EPA's action on dumping liquid wastes. In February of 1982 EPA lifted a ban on dumping hazardous liquids in landfills for ninety days while the agency developed new standards. An outcry about the possibility of wholesale dumping for almost three months forced Ann Gorsuch, EPA's administrator, to reimpose the ban in mid-March. Minnesota has never allowed liquid waste to be placed in disposal sites, and this action by EPA caused some members of the public to question Minnesota's standards.

Ms. Gorsuch and her aides also reversed their position on allowing hazardous waste dumps to expand operations up to 50 percent without first obtaining federal permits. In 1981, EPA agreed to this and now has changed it's position. The EPA also reversed its efforts to substantially loosen proposed engineering and performance standards for existing hazardous waste landfills. The EPA is now pushing a package of tough new regulations.

The board must also account for the difference in Minnesota's and the EPA's classification of hazardous waste. EPA says that hazardous waste includes toxic, corrosive, flammable, or reactive material. Minnesota has a broader category for acute toxic hazardous waste, narrower standards for chronic toxicity, and stricter guidelines for disclosure than the federal government. The Minnesota Pollution Control Agency is currently working on rule changes in order to make Minnesota's rules "substantially equivalent" to federal hazardous waste regulations; however, the new PCA rules now being developed as the state's standards still differ from the EPA's in the classification of hazardous wastes.

It is the opinion of a Waste Management Board staff member that, while the state must assume the primary responsibility for waste management, the federal government must provide consistent and proper national regulations based on clear policies. State needs do differ, the staff member added, and at lower government levels the counties and individual residents will share some responsibility; nonetheless there is an overriding need for consistency at the federal level.

When the state implemented a 12 percent cut in agency budgets in January 1982, the WMB absorbed this cut by using money encumbered for consulting services. Funds were also drawn from the remainder of $90,000 made available to counties to provide technical assistance for the study of alternative areas for hazardous waste processing. Only $6,000 of the $90,000 was used by the counties. These funds may not have been sought by the county governments because they perceived that to use the funds would demonstrate the country's interest in having waste disposal facilities in their areas. As a result, $84,000 of the original $90,000 was available to the board for use in other areas. Overall, state budgetary reductions had a negligible effect on the WMB. The legislature and the governor have been supportive of its programs.

The board's activities were affected by the limitations placed on out of state travel by state employees during the winter of 1981-82. Board and staff members had planned trips to see different waste disposal facilities. These trips were postponed until late spring. The information obtained in these trips could have been used earlier in the year to assist in decision making. So an indirect result of the state budget cuts may be a possible delay in the WMB's decision-making process.

The current economic conditions may also affect passage of the state superfund legislation, a proposed funding program to complement the federal 1980 Comprehensive Environmental Response, Compensation and Liability Act. The availability of and accessibility to federal and state clean up funds will affect how soon and how adequately the problem of waste dumps contaminating water supplies is addressed. The national superfund was established to allow the U.S. EPA to help clean up the nation's worst hazardous waste dumps, with the states paying 10 percent of the costs for hazardous waste sites targeted for cleanup within their borders. The state superfund bill, called the Environmental Response and Liability Act, was vetoed by Governor Quie during the 1982 legislative session. It would have established two separate and complex taxes to raise the matching funds: on the disposal of solid, but nonhazardous wastes, and on designated chemical wastes such as acids and solvents. Another provision of the bill would have given the state access to the federal superfund to help clean the fifty-six hazardous waste sites, presently being studied around the state. The bill also would have given the state authority to begin cleanup of the sites before it is determined who will ultimately pay the costs. Until a bill is passed, the state matching funds will have to come from a source other than taxing. Governor Quie and industry lobbyists objected to imposing a "strict liability" standard retroactively upon all companies that generate, transport and dispose of hazardous waste.

Minnesota's AFL-CIO and environmentalists contend that the fund is urgently needed to protect the public and the environment from uncontrolled chemical wastes.

> "Those wastes aren't called hazardous for nothing," said Kevin Proescholdt, lobbyist for the Minnesota Audubon Council. "There are time bombs-waste dumps-ticking away across the state." (Mpls. Trib. Feb. 5, 1982)[12]

In testifying for the bill, PCA officials said $46 million was needed to clean up the forty-nine potential hazardous waste sites, identified for study at that time, where waste either contaminated or threatened groundwater. WMB chairman Dunn testified that the bill would help assure the public that the state has the financial and statutory means to manage its waste properly.

With no designated funds to use for cleanup, the PCA's staff must continue to do business as usual, locating existing waste dumps and trying to persuade responsible parties to clean up the hazardous waste. If that doesn't work, the staff must persuade the PCA board to authorize lawsuits. Even if the board authorized legal action, considerable money and time will be necessary to resolve the waste problem. Already pressed financially, the state doesn't have money for costly court battles. Time, too, is in short supply, considering the PCA's argument that waste dumps pose one of the most serious and pressing environmental problems in Minnesota.

A current example of this problem is the Reilly Tar and Chemical Company site in St. Louis Park, the number one site for clean up of hazardous waste in Minnesota. Ten million dollars is needed to assess cleanup and containment needs for an estimated 24 million gallons of liquid coal tar waste produced by Reilly during its fifty-four years of operation from 1917 to 1972. The PCA, the Department of Health, and the cities of St. Louis Park and Hopkins have already spent over $1 million. Reilly disposed of all wastes on site, either through discharge to a nearby wetland or to one of several service wells that pierce the Prairie du Chien-Jordan aquifer. Two groups of suspected cancer-causing compounds are of particular concern. Polynuclear aromatic hydrocarbons have contaminated a four square mile area of the Praire du Chien-Jordan and portions of eight aquifers beneath St. Louis Park and northeastern Hopkins. A second group of suspected cancer-causing compounds, nitrogen and sulfur heterocycles, may have seeped from the Reilly site into the Prairie du Chien-Jordan aquifer. This aquifer supplies the metropolitan area with 80 percent of its underground water. If this contamination is not contained, it could reach the Mississippi River, from which Minnespolis draws its drinking water.

"They (heterocycles) are in the Prairie du Chien," said PCA hazardous waste specialist Mike Hansel. "We're concerned because toxicologists tell us they may be more reactive (biologically), and more dangerous than the other (174) chemicals we've found."[13]

A federal lawsuit was filed against Reilly in 1980 by the PCA, EPA, and the cities of St. Louis Park and Hopkins, charging that Reilly has endangered public health and the environment.

OVERALL EFFECTS OF BUDGET CUTS

In conclusion there are several ways that planning for waste management in Minnesota can be adversely affected by budget cuts, and the climate they have induced. Some of these include:

- Any additional request for state agencies to further reduce their budgets could cut into the WMB's budget and assigned activities, disrupting its timetable to complete activities by June of 1987.
- Additional cuts in EPA solid and hazardous waste research and disposal planning activities could delay WMB's efforts to develop a state Hazardous Waste Management Plan or site hazardous and solid waste facilities.
- Relaxation of federal standards, rules and regulations could cause requests for weaker Minnesota requirements. This could delay long overdue hazardous and solid waste planning in Minnesota.
- Reduction in out of state travel or in other state agency's staffs that coordinate with the WMB may affect WMB planning activities and delay field research.
- The severity of the economic problems in the state may delay setting aside state funds for cleanup of hazardous waste as required by the national superfund legislation.
- Federal budget cuts may slow down EPA's certification of hazardous waste sites, and additional state budget cuts may slow the siting process.

THE DEPARTMENT OF HEALTH

The Department of Health, the state's official health agency, develops and maintains a system of programs and services for protecting, maintaining, and improving the health of Minnesota's citizens. Included in these responsiblities are the establishment and enforcement of standards for safe drinking water. Although authority under state and federal safe drinking water acts was first granted in 1974, a 1982 General Accounting Office report indicated that problems still exist in implementing the act's regulations. During fiscal year 1980 alone over 146,000 violations of the drinking water regulations were recorded against community water systems.[14] The same report used an EPA estimate that 13,600 community water systems cannot, without improving their facilities, meet the federal drinking water quality standards.

In Minnesota, the Water Supply and General Engineering Section, within the Health Department's Division of Environmental Health is responsible for monitoring and controlling potential contaminants of the water supply. Work is done in the areas of public and private water supplies, public swimming places, soil absorption sewage disposal, water conditioning, plumbing systems, groundwater quality control, well construction, and mineral exploration. Specific tasks performed by the section employees include setting of standards, plan review, construction control, surveillance, report-writing, licensing, training, and consultation. The services associated with these activities are presently carried out both on demand and on a scheduled basis.

The department's funding comes from the state and federal government. In the Water Supply and General Engineering Section, federal funds support the public water supply and drinking water program and the fluoridation program.

FEDERAL FUNDING FOR THE WATER SUPPLY PROGRAM

FY 1979	FY 1980	FY 1981	FY 1982
$468,000	$ 623,000	$579,000	$445,000

In addition to the above funds the section also received a Fluoridation Program Grant. For FY 82 this amounted to $30,000. This categorical grant was recently eliminated under the federal budget.

IMPACT OF FEDERAL FUNDS ON THE FLUORIDATION AND WATER SUPPLY PROGRAM[13]

Federal funding had allowed Minnesota to expand its public water supply program. The federal monies provided purchase of laboratory equipment, increase in staff with a training coordinator, and a specific increase in staff for surveillance. The recent decrease in funding in the water supply program from the FY 1980 levels thus presents a problem to the Water Supply and General Engineering Section. The program is now forced to operate on $445,000 with the same expanded staff that previously operated under the $623,000 federal grant. Gary Englund, the Section Chief, indicated that the allocation offered may not be sufficient to carry existing staff for the next fiscal year.

As a result of the loss of funds under the Fluoridation Program Grant and the Public Water Supply Program, the section will lose one engineer, who has been responsible for the fluoridation program, and one training coordinator. The training coordinator's activities are critical to the mandate of the Safe Drinking Water Act, so the cost of maintaining that position must be absorbed by subsequent Section of Engineering biennial budgets. The training coordinator's activities include training and certifying operators of public community water supplies, water well drillers, water conditioning contractors and installers, swimming pool operators, and soil absorption sewage disposal system installers. The March, 1982 GAO report indicated that the the lack of full-time and properly trained water system operators, operator apathy toward the federal requirements, and insufficient state resources--both funding and personnel--are reasons for the significant noncompliance with requirements of the Safe Drinking Water Act.

Budget Cuts and the Water Supply Program

The past state cuts caused the section to eliminate one secretarial position at a cost of $15,000 a year. Approximately twenty-seven positions, including seven in the laboratory, and seven in the environmental field services, have been cut from the Division of Environmental Health over the last two years. The laboratory provided supportive services and the environmental field services section provided surveillance in the areas of public water supply, sewage disposal systems, and swimming pools. The loss of these positions thus directly effected the Water Supply and General Engineering Section.

The budget cuts have resulted in changes in the section's work activities, minimizing some services and eliminating others. Part of their service in the past was direct contact, providing technical assistance and on the spot surveillance. Employees are now making less personal contact, spending more time on the phone, using more selectivity in providing services, and spending more time identifying alternative sources of information and service. The section will also reduce expenditures by no longer providing services for nonessential and nonrequired analytical work. A state quality control service for water utilities will be eliminated, since it is not mandatory under the provisions of the Safe Drinking Water Act. The section also reduced its publications to accommodate the budget cuts. The section previously had quarterly newsletters sent to plumbing contractors, waterwell contractors, and water operators. Now the section will mail a single newsletter with the annual renewal letter for contractor's and operator's licenses.

The Section Chief, Gary Englund, indicated that eliminating positions is the only alternative response to the latest round of federal and state budget cuts. He also described the chances of restoring lost federal funds in the 1983 federal budget as "slim." Already over past years of federal reductions, staff has been shifted to maximize use of available dollars. Other past adjustments have included restrictions on purchase and suspension of certain activities that involved financial participation, such as membership in national organizations. The section, Englund believes, may be approaching a point where further improvements in the efficiency of the operation are no longer possible. "As you reduce manpower, you have to reduce service, increase the length of time between surveys, and decrease the amount of personal contact with utilities. The same thing is happening on the local level. Less money results in less effort into maintenance, less effort into implementing new programs, and things start to deteriorate."

OVERALL EFFECTS OF BUDGET CUTS

The possible effects of these reductions on the assurance of quality of drinking water in Minnesota must be considered in light of the toxic chemical compounds used today in industry, homes, and agriculture and new compounds being rapidly developed each year. In documenting the reasons for concern about water quality, the March 1982 General Accounting Office (GAO) report indicated that since the early 1950s the number of reported waterborne disease outbreaks has increased gradually. The latest statistics available indicate that from 1961 through 1978 drinking water caused 407 outbreaks of disease or poisoning, resulting in 101,243 recorded illnesses and at least twenty-two deaths. Some water supply experts believe that ten times as many outbreaks actually occur but go unreported.[16] The severity and frequency of these occurrences, although not documented for Minnesota, warrant concern when the effects of the state and federal budget cuts on the Minnesota Department of Health are considered. As a result of federal and state budget reductions, the Department of Health's Water Supply and General Engineering Section is affected in a number of ways.

- Any shortfall that occurs now within the program will result in suspension of some work activities. Alternative cost-saving measures have been exhausted.

- Threats to human health and safety are ever-present; the probability of their occurrence increases as surveillance in water quality decreases.
- Added program responsibilities without additional legislative funding requires that the section adjust programs and priorities and absorb new programs into existing budgets.
- The cuts in the Department of Health's Laboratory services affect not only laboratory work done for the Water Supply and General Engineering Section, but also the work of other state agencies (PCA, Dept. of Agriculture) that must set health standards and determine health risks.
- Unless money is made available, local government--already an essential component of the program--will be unable to take on some of the responsibilities now being handled by the state and federal government.
- Development of final regulations to implement the 1974 Safe Drinking Water Act, delayed already for seven years, may be further postponed. The relevance of interim regulations to current drinking water concerns is questioned.
- Reduction in the number of newsletters and on-site visits, minimizes the section's contact with the public, perhaps weakening the enforcement of the Safe Drinking Water Act regulations.

LEGISLATIVE COMMISSION ON MINNESOTA RESOURCES

The Legislative Commission on Minnesota Resources (LCMR) is an advisory, oversight, and monitoring body for the legislature. It provides the legislature with background necessary to evaluate programs proposed to preserve, develop, and maintain the natural resources of the state. The resource areas include forests, parks, historic sites, wildlife areas, and access to and improvement of lakes, rivers, streams, scenic areas, and camping grounds. In particular, the commission recommends legislative appropriations for certain programs and closely monitors those programs with statutory authority. In most cases, the commission recommends that appropriations be provided from the Natural Resources Account, which receives income from several sources. Eleven percent of the cigarette tax is deposited in the General Fund and specified by appropriations laws to support the Natural Resources Account. That amount was estimated at $19.5 million for fiscal years 1980 and 1981. The second income source for LCMR consists of federal reimbursements for state expenditures on preserving, acquiring and developing outdoor recreation resources. This source, Land and Water Conservation Funds (LAWCON), accounted for approximately $8.5 million for FY 1980-81. LAWCON funds are collected from the disposal of surplus real property and related personal property and from the receipts under the Outer Continental Shelf Land Act--receipts from off shore drilling rights.

In the past the Department of the Interior made payment to the state covering 50 percent of the cost of outdoor recreation projects. In Minnesota 50 percent of this money was used on state projects-such as state parks and trails--and fifty percent of all LAWCON monies was distributed for projects to be acquired, developed, and maintained by local units of government, provided the project was consistent with the statewide and county or regional recreational plan.

LAWCON money was also appropriated for federal purposes to acquire land and waters or interest in land and waters for recreational areas in national park systems, national forest systems, national refuge systems, and for acquisition of land for the purpose of conserving endangered or threatened species of fish, wildlife or plants.

Upon entering office, the Reagan administration proposed that no additional funding be provided to reimburse the states through Land and Water Conservation Funds, asserting that the activities funded by the program had no federal priority and should be appropriately handled by state and local governments. Congress backed the administration with respect to the LAWCON program. The administration is attempting to make the funding cessations permanent and has requested no funding for the LAWCON program in its FY 83 budget submission.

In budgeting for the 1983-84 biennium, LCMR reviewed seventy-eight proposals valued at $49 million. Funded projects were reduced to $21 million because LCMR could only be assured of its basic monies derived from the 11 percent of the total cigarette tax, about $20 million a biennium. The total will be distributed among 35 projects to be done by the Department of Natural Resources; Department of Energy, Planning, and Development; Geological Survey; University of Minnesota; St. Anthony Falls Hydraulic Lab; and the Historical Society.

LCMR PROJECT ALLOCATIONS

(in millions)

	1978-79	1981-82	1983-84
% cigarette tax receipts		$19.5	$20.1
LAWCON fund reimbursement		8.5	0.9*
TOTAL	$30.0	$28.0	$21.0

*Old LAWCON appropriation from past year.

In describing the loss of federal reimbursements, LCMR Executive Director Robert Hansen suggests the new arrangements will ultimately mean losses for the state. "A lot of local and regional parks won't be built, land won't be acquired. The motivation in the past was the receipt of federal money to match. The commission is involved on a basis of 50 percent federal, 25 percent local and 25 percent state. The state matched local and now that would mean 50-50 match between the state and local governments. Money is tight in the local budgets and projects just won't get done."[17]

RECREATION GRANTS - LAWCON FUND FOR FEDERAL PROJECTS

The severe cuts in the federal Land and Water Conservation Fund Program (from $520 million in the proposed Carter budget for 1982 to $150 million in the Reagan budget) will drastically reduce acquisition and development of federal outdoor recreation land in Minnesota.

As an example, the U.S. Fish and Wildlife Refuge System must reduce its land purchases for the Minnesota Valley National Wildlife Refuge, which extends along the Minnesota River from Ft. Snelling State Park to Jordan, Minnesota. The original plan was for a 9,500 acre project; 3,200 acres of the refuge have been purchased, 3,000 acres are state owned (the water areas) and 3,300 acres are left to be acquired under the old 1976 legislation.

The 1976 law authorized $8.3 million and $6.2 million for purchase of refuge and recreational areas, respectively. By Feb. 1981 all but $1.6 million of the original $14.5 million had been spent in acquisition. At that time Congress rescinded the remaining $1.6 million. This amount would not have been enough to purchase the remaining 3,300 acres. The Refuge Master Plan, completed only after 1976, indicates that more land should be acquired for the refuge. In an effort to proceed with refuge development the Fish and Wildlife Service has sent a legislative proposal to Congress to change the boundaries of the refuge, allow for more acquisition, and appropriate additional LAWCON funds for acquistion.

In sum, reduction of funding for the LAWCON program eliminates some state outdoor recreation projects, severely limits acquisition of local park lands, and reduces acquisition and development of federal recreational lands in Minnesota.

DEPARTMENT OF NATURAL RESOURCES[18]

The Department of Natural Resources is responsible for the administration of the public lands, parks, forests, waters, and minerals of the state as well as for the regulation of a broad range of activities which affect natural resources. The DNR also has management jurisdiction over sixty-five parks, sixteen waysides, approximately 900 state Wildlife Management Areas, more than 3 million acres of state forest, 2.5 million acres of fishing waters, and 1,235 miles of recreational trails. The DNR also provides fire protection within the state's forested areas.

The federal budget cuts have had some obvious negative impacts on DNR programs. Changes in federal funding levels have occurred in the following major natural resource areas in Minnesota:

FEDERAL BUDGET REDUCTIONS

	FFY 1980	FFY 1981	FFY 1982
Cooperative Forestry Assistance			
Rural fire protection & control	$ 550,300	$ 486,500	241,000
Dutch elm disease control	436,000	97,000	0
BWCA Forestry Management Intensification	3,000,000	3,000,000	2,880,000
Land and Water Conservation Funds	5,200,000	3,067,111	0
Youth Programs			
YCC & YACC	1,874,000	1,558,000	0
Fisheries			
Anadromous Fish Program	179,047	89,526	98,147
Commercial Fisheries Program	26,000	28,000	12,000

COOPERATIVE FORESTRY ASSISTANCE

The Rural Community Fire Prevention Program is designed to assist communities in fire suppression protection and to aid rural fire departments in improving their wildland and structural fire suppression capabilities. The federal funds are used with a 50 percent match from the rural fire department to provide improvements in fire prevention. The loss in funding will limit the ability to detect and suppress wildfires by both the Division of Forestry and rural community fire departments. In correspondence dated May 12, 1982, Deputy Commissioner of the DNR, Steve Thorne, stated that should there be a significant fire season, the state will face either an increase in damage or a greater demand on other funding sources.

The Dutch Elm Disease Control Program

The Dutch Elm Disease Control appropriations from the Forest Service allowed the state and private forestry to provide technical and educational assistance in establishing disease management and utilization projects. The intent of Minnesota's federally funded Dutch elm disease program was to demonstrate the effectiveness of known disease management practices including inspection, sanitation, root graft barrier placement, systematic fungicide injection and therapeutic pruning. It was hoped that with additional federal assistance--both financial and technical--the increase in elm losses due to Dutch elm disease could be stopped and eventually reduced to a level which could be handled economically by each city with its own finances.

Suppressing Dutch elm disease over a period of time would have enabled each city to develop an economical and orderly transition from its predominant urban elm forest to mixed stands of shade trees. However, Thorne in the May 12, 1982 correspondence stated that "the Dutch Elm Disease Control program will be eliminated which, together with the chopping of the state program, leaves that resource totally vulnerable."

The BWCAW Forest Management Intensification Program

The BWCAW Forest Management Intensification Program resulted from a major advance in forest development activities started in FY 80. The Boundary Waters Canoe Area Wilderness Act of 1978 provided $3 million to intensify forest management activities on state, county, and nonindustrial private forest lands. These funds made possible increased site preparation planting, direct seeding, nursery production, forest road maintenance and construction, and forest inventory. Funds were also provided for approved projects on county forest lands, and increased assistance was made available to private forest landowners. Activities are directly dependent on funding amount; reductions cut into the management efforts.

Young Adult Conservation Corps

The Young Adult Conservation Corps (YACC) is a federal program funded by the U.S. Department of the Interior and the Department of Agriculture under contract of the Minnesota DNR to employ young people throughout the state in conservation work projects. The YACC provides up to twelve months of employment for individuals 15 to 23 years of age who are out of school and unemployed. The pay is the federal minimum wage, with incentive pay increases available for outstanding performance.

The YACC program offers work opportunities for these young people in two settings: a residential camp where the enrollees live and work on projects in nearby state parks and forest areas, and a non-residential setting where they live at home and commute to work. The latter comprises the largest component of this program. With sites scattered throughout the entire state, the YACC is able to provide different types of work opportunities for young people from many different areas. In FY 81 there were 175 enrollees, and in FY 82 a smaller program of 27 enrollees is operating with state funds.

Youth Conservation Corps

The Youth Conservation Corps (YCC) provides work opportunities during the summer months for youth of ages 15 to 18 with provisions of thirty hours of work each week, with ten hours dedicated to environmental awareness and education. The YCC also has residential and non-residential camps providing the same opportunities as the Young Adult Conservation Corps.

The YCC program as legislated was to be funded with 80 percent federal funds and 20 percent state funds. Minnesota often provided an excess of required funds because the legislature and the administration supported the program. In FY 81 there were 185 enrollees and in FY 82 there are 90 enrollees. The program has been funded since FY 81 using $300,000, the residual from the state matching grant. This small balance of funds is to last through June of 1983. During FY 81 when federal funds were still being received, the two programs operated on approximately $2 million.

The elimination of the YCC and YACC programs will mean the loss of a unique full time job opportunity for 175 youths in the 16 to 23 age backet. In addition, 100 high school age youths will lose summer employment. The YACC served also as a particularly good educational tool to encourage conservation measures among people just entering the work force and who in the future will be consuming the resources.

The impact on resources conservation is even more significant. Using FY 80 figures, the value of conservation work projects amounts to a loss of $3,187,000. The return on these funds has been $1.70 for each $1.00 of federal funding expended. The Youth Program was an important asset to DNR, completing a substantial amount of work in forestry and parks projects. Its loss is considered a serious problem. In an attempt to save these programs, during the next legislative session the DNR will ask the legislature to extend funding for the YCC and YACC programs. The elimination of the Concentrated Employment and Training Act (CETA) program has had considerable impact. In some state parks 30 percent of the work force was made up of YCC, YACC and CETA workers. These workers have been replaced out of limited seasonal/part-time budgets.

THE DNR's FISHERIES PROGRAMS

Under the Anadromous Fish Act, federal assistance amounting to $179,047 in FY 80, $89,526 in FY 81 and $98,147 in FY 82 was provided for stream work to assist migrating steelhead and salmon and also for raising steelhead at the French River Hatchery in Duluth, Minnesota. The DNR assumes that this program will continue with less money under state auspices from a sale of trout stamps that began in 1982. Starting in 1982, the state will put $25,000 into the program with no reimbursement from the federal government. In the past the state received a 25 percent reimbursement for its financial efforts.

Under the Commercial Fisheries Research and Development Act, federal financial assistance supported a project to monitor the restoration of lake trout in Lake Superior and a study of leech culture as live bait. The study of leech culture as live bait has been completed and the final report has been prepared. The commercial fisheries lake trout study is an annual survey to keep track of the catch of commercial fishermen and to monitor the lake trout restoration efforts. The DNR would like to continue this project. It will be harder without the federal funds, because one-half of one person's year is needed to keep the study going.

STATE BUDGET CUTS

The most severe cuts in DNR funding were caused by the state budget cuts. These required a 12-14 percent reduction in spending by the end of the 1981-83 biennium. DNR programs are funded by the General Fund, the Game and Fish Fund, federal funds, the Legislative Commission on Minnesota's Resources, and by a number of other minor sources of funding.

DNR BUDGET FOR 1981-1983 BIENNIUM

General Fund	$89	million
Game and Fish Fund	30	million
LCMR	12	million
Other sources	9	million
TOTAL	$150	million

The total loss from the General Fund budget was $11.6 million, plus $2.5 million in workmen's compensation and unemployment compensation which had to be absorbed by the department. The loss in General Funding resulted in a cut of 12 - 14 percent of each overall division budget.

DNR departmental and general fund activities had been ordered by priority for the 1981 state budget hearings. The priority listing was used subsequently to try to preserve the most significant programs. The DNR had prepared for the cuts in part by holding vacant eighty-six positions that were funded by the general fund. An average position cost $22,000-$25,000 per year, including the salary and fringe benefits. This will amount to a savings of $1,892,000 - $2,150,000 if the positions are held vacant for a year. The DNR's payroll covers about 3,000 positions and 1,300 are full time positions.

Other efforts to hold down costs included making reductions in the equipment and travel budgets and increasing the use of volunteers and user fees. These last two efforts produced mixed results. The DNR has tried to expand its Volunteers in Parks and the Campground Host Program; however their usefulness is limited because of the training needed, the time projects require, and the possible problems with unions arising if volunteers do work that would replace regular state employees. Increased user fees for state parks has generated about $4.5 million per biennium; this is twice the receipt total collected in the past. These funds have been rededicated from development and capital investment to maintenance and operation. The shift of money into operations due to cutbacks in the General Fund has caused a deferral of maintenance. This will present future problems if adequate maintenance is not provided.

The cuts have reduced the agency's efficacy, although DNR is still trying to provide the basic services. The positions held vacant were not ones that the individual divisions had planned to do without. Forestry is finding it more difficult to meet their targets in reforestation, timber stand improvement, forest recreation, and forest development generally.

The Parks Division was described by Steve Thorne as being "cut down to the bare bones." This has included shortening the season, reducing maintenance and mowing and garbage pickup, eliminating lifeguards, eliminating night watchmen in campgrounds, and closing some facilities within parks.

The Bureau of Information and Education responds to a citizen's right and need to know DNR's policies, programs, activities and services. During FY 81, 10,000 pieces of literature were provided to the public in response to mail, telephone and walk-in requests. The budget cuts have terminated many activities that would have produced publications. New reports and copies of existing reports will not be produced. Overall the number of DNR publications have been and will be cut, but presently no figures are available to indicate the reduced output.

OVERALL EFFECTS OF BUDGET CUTS

In assessing the overall impacts of the budget cuts on the DNR, the Deputy Commissioner indicated that the DNR may have trouble maintaining its current levels of operation with continued inflation; because if, on top of budget cuts, there are cuts in actual dollars, the agency will have continual difficulties providing the minimal level of services. Commissioner Thorne stated, "The DNR has been pretty good to date, but if things continue the way they are, we'll have to start closing parks, cutting back on forestry operations, etc. We're right on the brink now and I don't see that we can maintain this level unless we get some increases."

In addition to agency impact, budget reductions and a change in regulatory atmosphere may lead to local problems in specific resources. Conserving our water resources might be an example, Commissioner Thorne suggests. If the Army Corps of Engineers cuts back on present enforcement of Section 404, for instance, it will be affecting the nation's primary tool to protect millions of wetland acres. Under this controversial section of the 1972 Water Pollution Control Act and its 1977 amendments, the corps regulates the discharge of all dredged or fill material into "the waters of the U.S." Critics of the program still display offense over how the corps' authority to regulate dredging in "navigable waters" under the 1899 Rivers and Harbor Act was expanded during the 1970s to include filling of some prairie potholes of midwestern states. They view the expansion as an unwarranted federal intrusion and a violation of the state's right to regulate land use, a power reserved (they argue) under the Constitution. This issue of state's rights is consistent with Reagan's theme of returning power to state governments. Effort is now underway in the Department of the Army to weaken the corp's permit program, by lessening the corps' jurisdiction over certain wetland areas.

This may be a problem in Minnesota because the corps can cover areas that the DNR's public waters program cannot; with budget cuts, the DNR won't be able to cover additional areas. Such instances of resource problems, Thorne hopes, will be few and localized. "Minnesota has extensive and tough environmental regulations, rules and laws that we administer. We will be in pretty good shape if we can maintain in real terms where we are now."

In conclusion the budget reductions that the DNR must face raise issues of concern about Minnesota's land, water, fish and wildlife resources. These issues include:

- A loss in funding will reduce the ability to detect and suppress wildfires by both the Division of Forestry and rural community fire departments.
- The loss of the Dutch Elm Disease Control program will limit the establishment of disease management and utilization projects in Minnesota and may slow efforts to halt spread of the disease throughout the midwest.
- Funding reductions in the BWCA Forest Intensification Program will reduce the number of acres of forest land replanted and of seedlings produced and the amount of assistance provided to counties and private forest landowners.
- The possible loss of the YACC and YCC programs will put up to 360 persons out of work and will eliminate approx. $3,187,000 worth of conservation work done on state land.
- The loss of funding for anadromous and commercial fisheries programs will delay efforts to establish salmon and trout in Minnesota streams and may slow monitoring of the restoration of lake trout.
- Possible weakened enforcement of the federal 404 permit program, in conjunction with less funds in the DNR's Waters Division may seriously undermine the division's efforts to protect Minnesota's water resources.
- Management of Minnesota's forest land, parks, trails, public accesses, campgrounds and minerals will be weakened by the funding reductions.

OTHER POINTS OF VIEW ABOUT THE BUDGET CUTS

The final results of budget cuts and the change in attitude at the national level will affect the direction of environmental efforts. The consequences of this direction and whether the public is willing to accept them is open to debate. Steve Gadler, an environmental activist and former PCA board member, stated, "I know that every time the federal government cuts funds you have to cut people and if you cut people, you cut enforcing capabilities. Well that's fine for polluters." Gadler continued, "Polls indicate that people want clean air and clean water. If we want potable water, we have to do something about it. We're degrading our water. It amazes me what we do to our resources. We don't give a damn about the future generations."[19]

Representatives of the Minnesota Association of Commerce and Industry have often opposed Mr. Gadler's views, but the concern for future generations was also expressed by the president, Winston Borden: "... it is fundamental that we leave this state in as good a shape or better environmentally than when we came into it ourselves." Although they share a similar concern about the quality of life for future generations, the approach taken by these two differs. Winston Borden believes that "It would be more accurate, in most cases...to say rather than cutting back the budget, we have reduced the rate of growth in the state budget, so there will be in most cases more resources to deal with problems in the future than they (state agencies) have had in the past..."

MACI's concern in energy and environmental matters is that the legal-political environment in which companies operate is stable and predictable; a company wants to make an investment today with some assurance that current standards will not change dramatically, causing it to make huge and unanticipated capital investments. In establishing that stable environment, Borden indicated that "...it is extremely desirable not to have standards which are more stringent in Minnesota than they are elsewhere unless there are clear, specific, and reasonable and compelling reasons to do so."

Borden also differs with Gadler and other environmentalists in his assessment on how the budget reductions have affected research in environmental areas. "Reducing the rate of growth has not necessarily produced an adverse impact on the basic research that is available, so much as it has slowed the process by which that research is evaluated by the administrative rule-making procedures and that is a concern."[20]

As an example of how a business may have been directly affected by recent changes at the state and federal level, Russel Susag, 3M's Director of Environmental Operations was interviewed. Susag indicated that 3M's philosophy is based on a concern for the company's role in the community; the company considers itself a good corporate citizen and works to that end.

At the national level, the change in the administration has meant a change in 3M's work with EPA. 3M cooperated with the EPA under Carter and previous administrations, and it continues to do so under the Reagan Administration. According to Susag, any change is a subtle one. "Under the Carter EPA, we did more explaining of our positions because they did not understand industrial operations. We had to do more selling. People under the Reagan Administration are more receptive to programs and ideas. We've had them come to us and ask, "What is your opinion...?"

The recent changes with state agencies have caused regulatory delay in processing 3M permit applications; although with the business economy down, 3M is not submitting as many permit applications as in the past. The most congestion 3M sees is in the area of waste management. Susag stated, "The Waste Management Board, doing the siting, hasn't been able to get an accurate inventory of waste in the state of Minnesota and yet all of that information has been submitted. There is a tremendous amount of paperwork associated with waste management, but apparently the paperwork is not being processed, it is being accumulated."[21]

The continuing debate on the value of environmental regulations reflects the strong concern of business, industry and government about the costs of regulations and their impact on the economy. President Reagan has tagged regulatory reform as a "keystone" of his economic plans. Some individuals contend that environmental regulations are too stringent and the costs imposed on the nation are too high. Others contend that benefits far exceed costs. The debates continue because of a lack of rigorous and unambiguous measures of either costs or benefits. This can be seen in Minnesota's recent air quality hearings and in studies done at other levels of government.

A July 12, 1982 issue brief by the Congressional Research Service reports on the latest Council of Environmental Quality (CEQ) estimate of public and private abatement costs resulting directly from federal environmental legislation (incremental costs). CEQ reports that the 1979 "incremental" annual costs of environmental programs reached the $36.9 billion level, representing about 1.5 percent of the gross national product (GNP) of $2,413.9 billion. The total environmental expenditures (incremental costs plus expenditures that would be made in the absence of federal legislation) of $55.9 billion are about 2.3 percent of the current GNP.[22]

The controversy over the economics of environmental regulations is but a facet of the debate on factors affecting the business community and their decision making. Susag of 3M indicated that companies are concerned with other factors like the labor market, transportation and climatic differences as they affect energy usage. In Minnesota, Susag believed, the tax pressure is more of a problem for business and industry that environmental regulations. Nonetheless, environmental considerations are taken into account in decisions. Susag suggested that his preferred form of environmental regulation would involve federal authority where programs are interstate--waste management for an example; local regulations would apply to what he considered more community matters, such as air and water quality and water use designations.

These opinions about environmental programs are just samples of the many diverse opinions found in the greater population. The strength of these opinions will influence the future course of environmental programs and efforts in Minnesota.

CONCLUSION

This review has looked at how environmental programs in Minnesota were affected by recent state and federal budget cuts. Indications are given of how the programs may be affected by additional funding reductions. Minnesota, during the environmental decade, was one of the states that assumed a great deal of responsibility for environmental program management. This commitment to environmental quality, with financial and planning assistance from the federal government, had positive results for the state and the region. The efforts of this presidential administration to have state and local governments assume more of the planning and regulatory functions done at the federal level with less financial support, present serious problems to other units of government. The administration seems to ignore the fact that for many environmental programs, it was the failure of the private market that led to government actions in the first place and failures or inactions of some state and local governments that led to federal intervention. There are indeed things that the private market can do well, but there is no functioning market for clean air or clean water. The market has failed to provide for these societal needs and federal input, through planning and funding, must continue if they are to be provided.

A second problem with recent national initiatives occurs because cutbacks come at a time when the state budget reflects the effects of the continued recession. Minnesota's revenue shortfall has caused the state to raise taxes and to make significant cutbacks in government activities. State environmental program managers have streamlined their programs over the past several years and eliminated inefficiencies. This past effort to do more with less has increased the difficulty of absorbing additional cutbacks in federal and state support. Reduced federal assistance has further reduced state and local budgets and staff for environmental programs. With state financial problems, these units of government are not in a position to replace federal expenditures for environmental and resource protection or for establishment of regulatory standards.

The Reagan Administration's initiatives and the financial and tax limitations of the state government have placed environmental programs under great stress. The efforts and attitudes of people at the state and local level will make major differences in environmental protection. Every indication is that state program managers, elected officials and the citizens of Minnesota have a strong determination to continue efforts to protect the environment. But questions remain about how this concern for the environment will be aligned with efforts to stimulate economic productivity and how this concern will be translated into efforts to assure the integrity and continuity of environmental programs in difficult economic times for state and local governments. The answers will come as state and federal budgets are finalized and as priority issues are developed for emphasis by the different units of government.

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The Impact of the Reagan Budget Cuts on Minnesota's Environmental Quality

Introduction

by Bill Clausen

The Reagan Administration has initiated an environmental policy aimed at reducing the federal role in environmental protection by reducing assistance to state and local governments while, at the same time, shifting much of the responsibility for pollution control to the states. This policy has been implemented through a series of initiatives to undo many of the safeguards established in the last twenty years and through drastic cuts in funds to assist the states. Administration officials rationalize this abrupt policy change by citing the President's mandate to slash public expenditures and burdensome regulatory programs. So much of previous environmental spending was wasted through inept management and overregulation, they argue, that a lower level of funding can provide an equal level of protection. Indeed, more can be done with less, they say.

The real message of the Reagan budget cuts and policy retrenchment, a message not contained in rhetoric about greater state autonomy and streamlined regulatory procedures, is this: polluters will find it easier to pollute and the public will have greater difficulty in controlling pollution. No amount of theorizing about the benefits of regulatory flexibility and slimmer federal budgets can disguise the fact that environmental expenditures and the quality of our air, land, and water are inseperably linked. A strong federal presence in environmental protection is necessary to back-up states which enforce adequate environmental standards. Environmental quality is threatened when the states are delegated responsibility but denied the capacity for maintaining it.

This report examines the impacts of President Reagan's budget cuts and regulatory changes on the quality of Minnesota's environment. It focuses on air and water quality and hazardous waste management, and on the public body most responsible for dealing with these problems: the Minnesota Pollution Control Agency (MPCA). Budget cuts in these program areas for fiscal year 1983 range from 16% for hazardous waste management to 20% each for air and water quality; cuts in wastewater treatment construction grants, the largest element of the MPCA grant, dropped the total from over $78 million in 1981 to under $33 million in 1983. These are not the only problems aggravated by the Administration's policies, but they provide an opportunity to link the budget cuts to specific environmental problems.

The MPCA administers the air, water, and hazardous waste programs in direct partnership with the United States Environmental Protection Agency (EPA). This partnership evolved with the enactment of landmark federal environmental legislation in the 1960's and '70's. Under the terms of the partnership, the EPA provides funds to the MPCA for development of federally-mandated programs in air and water quality, solid and hazardous waste, and other areas. A critical component of this arrangement is EPA's establishment of minimum standards in each of these programs. The EPA cannot operate an effective environmental program without state-level implementation; likewise, the MPCA cannot effectively control pollution without a strong federal presence through both funding and basic regulatory standards. The Reagan agenda has seriously threatened this partnership, reflecting the abandonment of an active national commitment to environmental quality.

The real impacts of the Administration policy are illustrated by the difference between what the Administration, through its appointees in the EPA, says about its program and budget cuts, and what the MPCA actually faces in implementing its federal mandates. For example:

- the EPA says that greater flexibility in federal requirements of the MPCA should make up for the budget cuts. In fact, the EPA has exchanged greater flexibility in some areas for more inflexibility in others such that the MPCA will need to devote more resources to accomplishing EPA's paperwork objectives than they did before.
- what flexibility has been granted the states is compromised by the decrease in federal assistance since, in the case of Minnesota, the MPCA must make up for cuts in some programs by limiting growth in others.
- the EPA assumes that priorities can be reset, procedures streamlined, and funding cuts absorbed with little pain. In Minnesota, much of this work has already been done: regulatory procedures and priorities are critically reviewed on a regular basis and budget cuts that have been absorbed through cost-cutting procedures and the elimination of vacated staff positions are now digging into the flesh of environmental protection efforts. In short, the EPA has ignored the fact that the MPCA has been operating under strict budgetary restrictions for several years.
- the EPA assumes that some MPCA programs are firmly in place and that funding for program development can be cut and

implementation taken over by the state. In fact, some of MPCA's responsibilities will require more staff (the principal item in the agency's budget) in the near future than ever.

- the EPA suggests that Minnesota could raise revenues for pollution control by levying fees on applicants for permits. The MPCA, after studying this proposal, concluded that it would be impractical because of the additional staff and overhead required for fee-collection.
- while the EPA rationalizes it's new approach with "More can be done with less" slogans, the budget cuts may well ensure that EPA's goals for environmental protection will not be met.

In addition, two other problems must be pointed out. First, the President's budget makes severe cuts in funding for research into pollution sources and impacts. These cuts are particularly insidious since research forms the basis for regulation and identifies the nature and severity of pollution sources. Second, the regulatory backdown of this Administration tends to embolden polluters and their political defenders to try to further weaken environmental standards and may tempt some into reducing their own pollution control efforts. This puts many industrial firms which have made good faith efforts to clean up their operations in a difficult position since they have made substantial expenditures for pollution control which their competitors may be in a position to avoid. Its fair neither to the public nor to the "good actors" in the regulated community.

Although the full impact of the Reagan Administration on Minnesota's environment will not be evident for some years to come, potential problems can already be identified. These are illustrated on the following pages.

Water Quality

The construction grants program for wastewater treatment is the centerpiece of the MPCA water quality program. Grants for wastewater treatment plants are made to local governments in accordance with an MPCA priority list and with the level of available funds. In fiscal year 1981, $4.2 billion were appropriated by the federal government for wastewater construction grants; this figure declined to $2.4 billion each for fiscal years 1982 and 1983. Minnesota's share of this dropped from $78.5 million in 1981 to $44.8 million in 1982 and $32.9 million in 1983. Although fiscal year 1982 is almost over, the funds for construction grants have only recently been appropriated. Decisions on which communities will receive funding have yet to be made. Most of the communities have been counting on receiv ing these funds, and the delay in appropriation has meant a delay in construction. The applicants include:

- Bemidji
- Otter Tail County
- Green Lake
- North Koochiching County (International Falls)
- Kimball
- Albertville
- Biwabik

Like these communities, most of those in need of new wastewater treatment are in rural parts of Minnesota. The substantial cuts in funding for this program will mean delay, postponement, or even abandonment of clean water for the state's rivers and lakes.

A related problem is the procedural detail required by the EPA for issuance of construction grants. Although the federal government claims it's program has eliminated inflexibility for the states, it has, in fact, substituted more inflexible, resource-intensive requirements. For example, the MPCA must prove that investments in a specific wastewater treatment project will have beneficial results. While this may sound reasonable on the surface, establishment of such proof is extemely demanding in time and dollars. It limits the ability of the MPCA to obligate funds, and makes it likely that even fewer rivers and lakes will be clean. And in combination with staff reductions due to budget cuts, it means that fewer communities will receive MPCA professional assistance in developing their wastewater treatment systems.

In addition, the MPCA's staff will have to cut back on ambient and compliance monitoring, permit issuance, pretreatment and toxic discharge control. The cutback in monitoring could jeopardize enforcement efforts since monitoring tells the MPCA when pollution regulations are violated. The cutback in permit issuance will doubtless lengthen the time it takes for new industrial projects to be permitted; ironically, this will confound economic growth, one of the prime objectives of this administration. MPCA officials estimate that this may increase the processing time for permitting and enforcement activities up to 50%. In summary, the budget decrease adds up to a decrease in effort for water quality protection, which means a loss of drinkable, fishable, and swimable waters in Minnesota.

Air Quality

Federal funds for air quality in Minnesota have been cut 20% in fiscal year 1983; with a deficit-induced cut of 20% in the state's contribution, the program will end up 20% under it's 1982 funding. This cut will be accommodated by spreading the burden over most elements of the air program. For example, permitting of small emission sources will stop, while permitting time for new and existing facilities will increase, essentially slowing down the development process; compliance inspections will be less frequent, and the possibility that monitoring systems will break down should increase, jeopardizing enforcement; and the ambient air monitoring activities of local agencies in St. Louis County, the Rochester area, and St. Cloud will lose funding. In sum the MPCA will find it more difficult to build an enforcement case because the necessary building blocks, monitoring and inspection data, may be deficient.

The MPCA will also cut back on "anti-tampering" and fuel switching enforcment, meaning that automobile owners may get away with removing emissions control equipment and using leaded fuel illegally. The agency also expects to reduce or eliminate it's service orientation by which agency staff build good relations with the public through complaint answering and provision of information.

A more troublesome problem is the need for development of new programs to address emerging air quality problems. For example, the agency does not currently deal with toxic air emissions from pollution sources which are otherwise regulated. The state needs a broad-based toxic emissions control policy and program to deal with existing sources (e.g., toxic vaporization, electroplating, hydrocarbons, etc.), but more importantly, in anticipation of the day when incineration will be the main final disposal technique for hazardous wastes. Unless the MPCA can develop a comprehensive program which identifies the scope of the problem and the appropriate rules, procedures, and staff capability for dealing with it, the agency will have to approach toxic emissions on a case-by-case basis. As an example, the MPCA would have been in a much better position to judge the recent proposal of the Northern States Power Company (NSP) to incinerate waste PCB's at NSP's High Bridge power plant in downtown St. Paul if a toxic emissions control program had been in place. As it stands, NSP withdrew the proposal after local protest, and the problem of waste PCB disposal remains unsolved.

Another direct impact of the Reagan administration on Minnesota's air quality comes in the form of weaker federal standards for several pollutants. Recently, the MPCA board, under pressure from industrial groups emboldened by the EPA's attack on air quality standards, reconsidered and relaxed some stringent Minnesota air standards in line with those of the federal government.

Hazardous Waste

Hazardous waste management is suffering in a number of ways. Although the state's grant from EPA was cut by 16%, a smaller figure than the 20% cut for air and water quality, the cut must be viewed in light of the need for funding for the rapidly expanding hazardous waste responsibilties of the MPCA. For example, the Minnesota Waste Management Board is in the process of identifying hazardous waste processing and disposal sites. The Board must identify six sites for every one site to be chosen; the MPCA staff is charged with developing environmental impact statements and permits for each potential site, a very time- and resource-intensive task. Also, the MPCA is nearing the point in it's hazardous waste program where permitting of waste management facilities will occupy much of the staff's time. Permitting will actually require an increase in staff, yet the cuts in federal funds mean. that adequate staff cannot be hired and, according to MPCA officials, it may take decades to accomplish the permitting task. Meanwhile, unpermitted facilities could threaten groundwater quality.

A second problem stems from the elimination of funds for solid waste management. Because solid and hazardous waste activities are housed in the same division, potential funding for hazardous waste control has been diverted to save the solid waste program.

Finally, the necessity for research is at least as great in the hazardous waste area as it is in others. As mentioned earlier, research is needed into alternatives to land disposal. An even bigger problem is determining "acceptable risk" for drinking water standards. This is a critical issue since hazardous waste which is disposed of in landfills presents the biggest threat to drinking water. Research funds are essential if Minnesota is to prevent hazardous waste disasters years into the future.

Summary

"Ten years from now we will see the results of the federal withdrawal from environmental protection," one MPCA official said. If this report carries an urgent message, it is this: Our failure to correct long range environmental problems now will most certainly come back to haunt us.

President Reagan has thrown the responsibility for environmental protection to the states, yet denied them the resources and real flexibility to accomplish critical national objectives. When he says "flexibility" we understand him to mean: the flexibility for polluters to pollute with impunity. What has been characterized as reduction in over-spending and over-regulation is really the stripping away of hard-won safeguards. It is better characterized as a return to the 1960's in terms of environmental protection. The bottom line is that, unless we pay the cost of attacking our air, water, and land resource problems now, we will pay a much greater cost "ten years from now."

Table 1 U.S. EPA Grants to Minnesota Pollution Control Agency[*]

Program	FY 1982	FY 1983	$ Reduction	% Reduction
Hazardous Waste	501.0	420.1	80.9	16
Air Quality	1,378.0	1,102.4	275.6	20
Water Quality (106)	1,010.0	808.0	202.0	20
Wastewater Construction	44,858.0	32,964.0	11,894.0	27

[*] in thousands of dollars

Source: Minnesota Pollution Control Agency